
Transmission Workgroup Minutes
Thursday 07 September 2017
Elexon, 350 Euston Road, London NW1 3AW

Attendees

Rebecca Hailes	(RH)	Chair
Helen Bennett	(HB)	Secretary
Andrew Blair	(AB)	Interconnector
Andrew Pearce	(AP)	BP
Anna Shrigley	(AS)	ENI UK
Charles Ruffell	(CR)	RWE
Colin Hamilton	(CH)	National Grid NTS
David Cox*	(DC)	London Energy Consulting
David O'Donnell	(DO)	NSMP
David Reilly	(DR)	Ofgem
Gerry Hoggan	(GH)	Scottish Power
Graham Jack	(GJ)	Centrica
Jeff Chandler	(JCh)	SSE
John Costa	(JC)	EDF Energy
Julie Cox*	(JCo)	Energy UK
Kully Jones	(KJ)	Joint Office
Lucy Manning	(LM)	Gazprom
Malcolm Montgomery	(MM)	National Grid NTS
Murray Kirkpatrick	(MK)	BP
Nicola Lond	(NL)	National Grid NTS
Nick Wye	(NW)	Waters Wye Associates
Phil Hobbins	(PH)	National Grid NTS
Robin Dunn*	(RD)	Ofgem
Thomas Dangarembizi	(TD)	National Grid NTS
Terry Burke	(TB)	Statoil
Sinead Obeng	(SC)	SouthHook Gas
Steve Britton*	(SB)	Cornwall Energy
Steve Pownall	(SP)	Xoserve

*via teleconference

Copies of papers are available at: <https://www.gasgovernance.co.uk/tx/070917>;
<https://www.gasgovernance.co.uk/0607/070917> and <https://www.gasgovernance.co.uk/0616/070917>

1. Introduction and Status Review

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

1.1 Approval of Minutes (03 August 2017)

The minutes of the previous meeting were approved.

1.2 Ofgem Update

Referring to the Industry update from the Ofgem Summary document, DR gave a brief update on the four main topics as below:

DR took the workgroup through an onscreen update of the material provided for the workgroup to provide an Ofgem Industry Update which covered:

Decision on Fleetwood entry point in gas transmission

DR explained that Ofgem published their decision to remove £277.5 million from NGGT's price control allowances in respect of the Fleetwood NTS Entry Point.

More information can be found at the following URL: <https://www.ofgem.gov.uk/publications-and-updates/decision-fleetwood-entry-point-gas-transmission>

Statutory consultation under Section 23 of the Gas Act 1986 – Fleetwood entry capacity obligation

On 29 August 2017, Ofgem published a statutory consultation on changes to National Grid Gas's gas transporter licence to reduce the amount of capacity obligated to be released at Fleetwood from December 2017.

DR reminded the workgroup that the closing date for the consultation is 26 September 2017.

More information can be found at the following URL: <https://www.ofgem.gov.uk/publications-and-updates/our-strategy-regulating-future-energy-system>

Ofgem's new strategy for regulating the future energy system

On 4 August 2017 Ofgem launched a new strategy for regulating the future energy system, which sets out Ofgem's regulatory approach to keep pace with major changes in how Britain is generating and using energy.

DR agreed when JCo mentioned how important this will be for the gas and electricity regimes.

More information can be found at the following URL: <https://www.ofgem.gov.uk/publications-and-updates/our-strategy-regulating-future-energy-system>

Certification arrangements in Great Britain following amendments to the ownership unbundling requirements of the Gas Act 1986 and the Electricity Act 1989

On 23 August 2017, following changes to the ownership unbundling provisions of the Gas Act 1986, Ofgem published a document which outlines these changes and highlights Ofgem's intended approach to the application of discretion.

More information can be found at the following URL: <https://www.ofgem.gov.uk/publications-and-updates/certification-arrangements-great-britain-following-amendments-ownership-unbundling-requirements-gas-act-1986-and-electricity-act-1989-0>

Infographics – The energy network and energy security

On 31 August 2017 Ofgem updated their energy network and energy security infographics.

More information can be found at the following URLs: <https://www.ofgem.gov.uk/publications-and-updates/infographic-energy-network> and <https://www.ofgem.gov.uk/publications-and-updates/infographic-energy-security>

1.3 Pre-Modification Discussions

1.3.1. Treatment of Capacity at Combined ASEPs – National Grid NTS

Talking through the information provided for this subject, CH updated the workgroup advising that this Modification will consider the introduction of different classifications of capacity at ASEPs to allow different charging treatments.

This modification is using the new process of Rapid Mod Development (RMD) that is being trialed including a Webex on 29 August. Interested parties were invited to stay behind at the workgroup for National Grid NTS to feedback.

When asked, CH explained that following the feedback session (hosted by National Grid and separate to this workgroup) after today's workgroup meeting, the expectation is to have an understanding of what should be done next and advised that National Grid NTS are still reviewing options, some of which may be de-scoped and that there may be a requirement of clarity on Modification 0621, Amendments to Gas Transmission Charging Regime, before this modification can move forward.

RH advised an amended Modification 0621 is due in October 2017.

1.3.2 Modification process for Routine Modifications – National Grid NTS

CH advised the workgroup that he is very keen to see what the industry thinks about this process and for all parties to consider providing feedback, further ideas and improvement suggestions to Lesley Ramsey at Lesley.Ramsey@nationalgrid.com.

DR wanted to make it clear that RMD is entirely separate from the UNC Modification process. RH clarified that these discussions are occurring at the moment at pre-modification stage.

CH advised that apart from the Combined ASEPs modification, National Grid are considering trialing a further modification proposal which may be more suitable for RMD, the proposal is "Removal of the absolute requirement to include a Remotely Operable Valve (ROV) Installation for all new NTS Exit connections".

It is worth noting that National Grid has found RMD is improving their internal processes.

For further information, please see the material provided for this workgroup meeting here: <https://www.gasgovernance.co.uk/tx/070917>

1.3.3 Project CLoCC

NL, the Commercial Lead for Project CLoCC, (Customer Low Cost Connections), provided the workgroup with a recap of the core objectives for the project which provided the background to where the modifications are coming from:

- Engaging with key stakeholders now – aiming to deliver by October 2018;
- Facilitating demand for connection of lower flows to the NTS.

NL went on to advise there are three modifications which are in preparation and gave a short overview of the principles of each of them:

Removal of requirement of ROV at Exit Points

- Remove the requirement for ROV at Exit Points;
- National Grid discretion on when an ROV at Exit Points is required;
- Methodology for determination of ROV;
- UNC proposed to change from **will** have an ROV to **may** have an ROV for Exit;
- Entry and Bi-directional to remain with ROV requirement as currently.

When asked NL confirmed that this modification will not impact the Safety Case.

Standard Design Application to Offer (A2O)

- Define a Standard Design Connection;
- Define Standard Designs;
- To ensure all current UNC definitions are still applicable or updated accordingly to accommodate Standard Design connections;
- To include for all new potential customer types within the Entry and Exit requirements;

- To allow appropriate NTS connection application fees;
- To ensure the Principles set out in section Y, The Gas Transmission Connection Charging Methodology, are appropriate for all types of connection including Standard Design connection;
- To allow National Grid to offer Meter and Filter Enhancements to Standard Design connections.

When asked NL advised that as National Grid NTS learns and realises new benefits, there could be potential for further reductions in the future.

New Action 0901: NL to check and confirm the scales of new connection application fees.

Post meeting update: NL has confirmed there are 2 types of connection charge, £54k for a minor amendment and a simple new connection which is £73k.

For a full list of Connection Charges please refer to the published statement for Gas Transmission Connection charging effective 1st March 2017 here:

<http://www2.nationalgrid.com/WorkArea/DownloadAsset.aspx?id=8589939094>

Action closed.

Standard Design PARCA

- Introduction of an accelerated route through the PARCA process for a Standard Design Customer with a Green capacity indicator;
- This is to align the PARCA Stage 1 process to the Application to Offer for a connection by streamlining the process where possible. This can be achieved by using upfront analysis to provide the capacity indicator;
- A Capacity Indicator will be provided to customers from the NTS Customer Connections Portal;
- To allow appropriate and proportionate PARCA application fees.

Discussion followed with regards to the new portal and the colour coding. NL provided further explanation:

- Green would indicate that the requested capacity could be made available via substitution.
- Amber would indicate that substitution may be considered but further analysis was required.
- Red would indicate a full 6 month PARCA process would be expected to be required.

In conclusion, NL confirmed that the **Removal of requirement of ROV at Exit Points** modification could go to a September Panel.

Post Meeting update: Joint Office can confirm this modification proposal has been received. Modification 0627: Removal of the absolute requirement to include a Remotely Operable Valve (ROV) Installation for all new NTS Exit connections

<https://www.gasgovernance.co.uk/0627>

It is proposed that all three modifications are proposed to be Self Governance.

NL encouraged feedback which can be sent to Nicola.j.lond@nationalgrid.com

2 European Codes

2.1 EU Codes update

CH provided a Code Status Update as follows:

Code	Current Status	Implementation date
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Tariffs (TAR)	Entered into Force 6 April 2017, Mods now being raised (e.g. UNC 0621 + combined ASEP Mod)	Applicable from 6 April 2017, 1 October 2017, 31 May 2019.
Transparency (TRA)	Entered into Force 6 April 2017	Applicable from 01 October 2017; First publication end 2017
CAM amendments	Entered into Force 6 April 2017	Applicable from 6 April 2017

CEN-ENTSOG Workshop on Wobbe Index and Gross Calorific Value in the European gas value chain

PH provided some information regarding a joint workshop that The European Committee for Standardisation (CEN) and ENTSOG are holding.

The intention is to illustrate the gas quality distributed in different European countries based on the results of the survey carried out by CEN asking:

- What the regulatory framework is for each member state
- Actual gas quality data.

ENTSOG will be coordinating the data submitted and intends to present the analysis at the workshop being held on 28 September 2017 in Brussels.

Currently there is no UK representation, PH advised that he is following its progress through ENTSOG. More details can be found on the ENTSOG website here:

<https://www.entsog.eu/events/cen-entsog-workshop-on-wobbe-index-and-gross-calorific-value-in-the-european-gas-value-chain-agenda>

DR commented that it makes sense for this group to be aware of the work being done on the GS(M)R review.

JC advised that Gas Quality is a critical issue for Brexit, PH agreed that Brexit is relevant and is a standard to be implemented but it is too early to say at the moment. GS(M)R review will be the main parameter.

3 Workgroups

3.1 0607S - Amendment to Gas Quality NTS Entry Specification at the St Fergus NSMP System Entry Point <https://www.gasgovernance.co.uk/0607>

The minutes from 27 July 2017 were approved.

RH provided an update on the status of the Workgroup Report advising that it was almost finished and that the purpose of today's meeting is to provide an opportunity for National Grid NTS to report back to the Workgroup on compliance with relevant licences and obligations and provide a statement for the Workgroup report

RH reminded the workgroup that modification 0607S remains self-governance status until Panel decides otherwise.

PH went on to provide the workgroup with an update to Action 0701 which can be viewed here: <https://www.gasgovernance.co.uk/tx/070917>

RH followed by showing onscreen the change-marked version of the amended modification that was published on 06 September 2017 here: <https://www.gasgovernance.co.uk/0607>

When asked, PH confirmed National Grid NTS would have the contractual right to change.

There was discussion around what is in the Ten-Year Statement and what is covered under GS(M)R. PH highlighted that National Grid will be seeking views on how it should deal with future requests given that there is an expectation that in future gas quality may be different to that which has been experienced to date.

NW stated he was uncomfortable and that National Grid was not giving certainty by stipulating they could change this unilateral contract at some point in the future if it were needed.

Referring to PARCA, GJ said that the PARCA window is useful to see who wants capacity. There was speculation as to whether it might be possible to instigate such an opportunity for others to express an interest in utilising any flexibility in the system in the same manner.

PH said that recognising the changing nature of UK gas supplies, it is more likely to see more boundary-pushing modifications.

There followed a lengthy discussion regarding discrimination and setting precedence for future modifications which is summarised below:

GJ stated this has been a very open and transparent (although very lengthy) process.

If the UNC modification is approved, this creates an expectation for National Grid to make a change. PH stressed that National Grid have a limited amount of flexibility.

RH reminded the workgroup that BP has very recently submitted its amended modification and asked BP if it wished to continue with the amended modification.

DOD made the point that, if the wording on time-limitation and xxx is taken out it is a problem for National Grid; if the wording is left in it is a problem for others.

DOD also commented that no other parties have said they might want to change despite discussion being underway since November 2016.

RH reminded the workgroup that the only way of seeing high CO₂ content flowing are if very many highly unlikely scenarios are in place and the likelihood of it happening is very remote.

When asked, PH confirmed this is a bi-lateral contract, any regulatory decision would still be a risk.

DR advised that discrimination should definitely be covered in the workgroup report.

With regard to the heat maps in the workgroup report, AB suggested adding some wording, (currently page 17), 'does not mean that National Grid ability to comply with offtakes close to other sources of gas could not be achieved within the contractual limit'.

In conclusion, after discussions over lunchtime, RH advised that to allow National Grid NTS time to liaise with their internal legal team, it is proposed a further workgroup meeting at a later date is required. The Joint Office will send out invitations shortly.

3.2 Modification 0616S – Capacity Conversion Mechanism for Interconnection Points

The minutes from 03 August 2017 were approved.

MM went on to verbally advise the workgroup of the changes made to modification 0616S, most of the changes made are to the solution section. Referring to paragraph 9 which refers to the revenue streams used following a bundled auction etc. showing existing revenue streams don't lose out with capacity conversion.

The reduction of National Grid response time for conversion requests has moved from 3 business days to 2 business days (48 hours). The previous version of the modification referred to 2 days and not 2 business days, MM confirmed that 2 business days has been defined as 48 hours for clarity.

The new legal text change marked version was shown onscreen and can be found here:
<https://www.gasgovernance.co.uk/0616/070917>.

MM followed by taking the workgroup through a change marked version of the commentary.

Confirmation then followed regarding amendments required to the Workgroup Report, RH confirmed updates would be made.

RH and MM confirmed the Workgroup report would be submitted to the September 2017 Panel.

Action 0801 closed

4 Issues

(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 Gas Demand Side Response Methodology Consultation

PH provided a brief overview on the status of the consultation that closed on 18 August 2017, advising the workgroup that 4 responses were received and published. All responses indicated that the Gas DSR Methodology met the principles of National Grid's NTS Transporter Licence Special Condition (SC) 8I 'Development and Implementation of a Demand Side Response Methodology for use after a Gas Deficit Warning'.

The consultation report was sent to the Authority on 24 August.

The next steps will be to discuss the consultation report with the Authority and publish the consultation report on the website which will be here: <https://www.gasgovernance.co.uk/gasdsr>

For further information please contact Debbie Brace, Deborah.brace@nationalgrid.com.

5.2 Mid-Point Review of IED Compressors

NL provided the workgroup with an onscreen review of the Industrial Emissions Directive (IED) Stakeholder Engagement Proposals 2017/18 which covered Background and Next Steps:

- In May 2018, National Grid NTS has an opportunity to re-submit proposals to address the impact of the Industrial Emissions Directive on its compressor fleet;
- National Grid NTS will be holding several stakeholder engagement sessions over the coming months to ensure that views are taken into account in its proposals to Ofgem.

Further background information, including contact details, are available on National Grid's talking networks site at <http://talkingnetworkstx.com/ied-welcome.aspx>

DR confirmed to the workgroup that this process is entirely separate to the Ofgem's 2018 Uncertainty Mechanism Re-Opener (Mid-Point review).

6 Review of Outstanding Action(s)

Action TR0602: National Grid NTS (JR) to provide what options are available for 'Real Time' or 2-5 minutes' data and the cost to get this on to the GCS and MIPI and process it.

Update: Deferred until 05 October 2017. **Carried forward**

7 Diary Planning

Agenda items (and any associated papers) for the 05 October 2017 meeting should be submitted to the Joint Office by close of play on 28 September 2017.

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

Time/Date	Location
10:00, Thursday 05 October 2017	Elaxon, 350 Euston Road, London NW1 3AW
10:00, Thursday 02 November 2017	Elaxon, 350 Euston Road, London NW1 3AW
10:00, Thursday 07 December 2017	Elaxon, 350 Euston Road, London NW1 3AW

Action Table (as at 07 September 2017)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
TR0602	01/06/17	5.2	National Grid NTS (JR) to provide what options are available for 'Real Time' or 2-5 minutes' data and the cost to get this on to the GCS and MIPI and process it.	National Grid NTS (JR)	Carried forward <i>(Deferred until October Meeting)</i>