

**Transmission Workgroup Minutes**  
**Thursday 01 December 2011**  
**Elxon, 350 Euston Road, London NW1 3AW**

**Attendees**

|                          |       |                       |
|--------------------------|-------|-----------------------|
| Tim Davis (Chair)        | (TD)  | Joint Office          |
| Lorna Dupont (Secretary) | (LD)  | Joint Office          |
| Alan Coulson             | (AC)  | Interconnector        |
| Andrew Fox               | (AF)  | National Grid NTS     |
| Andrew Pearce            | (AP)  | BP Gas                |
| Charles Ruffell          | (CR)  | RWE npower            |
| Colin Thomson            | (CT)  | Scotia Gas Networks   |
| Dave Corby               | (DC)  | National Grid NTS     |
| Derek Jamieson           | (DJ)  | ESBI                  |
| Dora Ianora              | (DI)  | Ofgem                 |
| Erika Melen              | (EM)  | Scotia Gas Networks   |
| Gerry Hoggan             | (GH)  | ScottishPower         |
| Graham Jack              | (GJ)  | Centrica              |
| Jacopo Vignola           | (JV)  | Centrica Storage      |
| James Kerr               | (JK)  | National Grid NTS     |
| Jeff Chandler            | (JC)  | SSE                   |
| Julie Cox                | (JCx) | AEP                   |
| Lewis Hodgart            | (LH)  | Ofgem                 |
| Louise Aikman            | (LA)  | National Grid NTS     |
| Malcolm Arthur           | (MA)  | National Grid NTS     |
| Mark Cockayne            | (MC)  | Xoserve               |
| Neivan Boroujerdi        | (NB)  | Interconnector        |
| Paul Mott                | (PM)  | EDF Energy            |
| Phil Hobbins             | (PH)  | National Grid NTS     |
| Rekha Theaker            | (RT)  | Waters Wye Associates |
| Richard Fairholme        | (RF)  | E.ON UK               |
| Ritchard Hewitt          | (RH)  | National Grid NTS     |
| Steve Pownall            | (SP)  | National Grid NTS     |
| Tom Purchase             | (TP)  | National Grid NTS     |

**1. Introduction**

*Copies of all papers are available at [www.gasgovernance.co.uk/tx/011211](http://www.gasgovernance.co.uk/tx/011211).*

TD welcomed attendees to the meeting.

**1.1 Review of Minutes and Actions of the previous meeting (03 November 2011)**

**1.1.1 Minutes**

The minutes of the meeting were accepted.

**1.1.2 Actions**

**Action TRI005:** Issues Workgroup – Review of GBAs: National Grid NTS to devise an alternative method for Within Day.

**Update:** Addressed within 3.2, below. **Closed**

## 1.2 Review of Live Modifications not covered elsewhere on the agenda

The Modifications Register is at: [www.gasgovernance.co.uk/mods](http://www.gasgovernance.co.uk/mods).

Of specific note were:

0276 – Implementation date remains on hold; no further update.

0363V – An Authority decision was expected in December.

0376/0376A – Consultation ends on 06 January 2012.

0393 – Consultation ends on 06 January 2012.

0406 – New modification for December Panel consideration.

0408 – New modification for December Panel consideration.

## 1.3 Industry Updates

LH reported on recent Ofgem activities:

- **Gas Security of Supply Significant Code Review - Draft Impact Assessment and Draft Policy Decision** published on 08 November 2011. The documents set out a draft assessment of the impacts of the reform options considered as part of the review and an explanation of the draft policy decision. Ofgem are currently minded to strengthen the incentives on market participants to deliver adequate gas supplies through cash-out reform. Ofgem also recommend investigation of the need for, impacts and effects of, various further interventions to enhance gas security of supply. Consultation closes on 31 January 2012.
- **Press release - Huhne asks Ofgem to report on longer term gas security** published on 08 November 2011. Energy regulator Ofgem has been asked by the Department of Energy and Climate Change (DECC) to look into whether further action is needed to ensure that medium to long-term gas supplies for consumers remain secure.
- **Transmission Price Control Review 4 (TPCR4) Rollover: Final Proposals** published on 28 November 2011. The document sets out Ofgem's Final Proposals for the year 2012/13 on all elements of the price control for the three electricity transmission owners and the one gas transmission owner.
- **Approval of National Grid Gas's Incremental Entry Capacity Release Methodology Statement** published on 29 November 2011. The letter gives consent to the proposed changes to the Incremental Entry Capacity Release (IECR) methodology statement submitted by National Grid Gas on 04 November 2011.
- **Revenue drivers: Consultation on proposed revenue drivers for incremental South East exit capacity** due for publication December 2011. National Grid Gas has requested that two new revenue drivers be included in its licence. The two revenue drivers relate to the potential development of a number of CCGT and gas storage projects in the South East respectively. The consultation seeks views on the proposed methodology and modeling assumptions. Ofgem's proposed Generic

Revenue Driver consultation will follow publication of this consultation.

- **Project TransmiT:** Impact assessment consultation on transmission charging methodology options considered under the Project TransmiT workshops scheduled for publication December 2011.

#### European Developments:

- **Interoperability** – A consultation on the Framework Guideline is being prepared for publication end of 2011/start of 2012.
- **Tariffs** – A scoping document on the Framework Guideline is being prepared for publication end of 2011/start of 2012.
- **CAM** – ENTSO-G carried out a further consultation on the Network Code, which closed 14 November 2011. The next stakeholder update session is scheduled for December 2011.

### 1.4 European Developments

#### 1.4.1 EU CAM Network Code and CMP Guideline Proposal Update

The second formal consultation closed on 14 November 2011 and PH gave a brief presentation summarising the key issues/responses and setting out the Capacity Allocation Mechanism (CAM) timetable.

An update was also given relating to the Congestion Management Procedures (CMP) Guideline. It was expected that final Guidelines would be published in January 2012. Any questions should be directed to PH or Matt Hatch (National Grid NTS).

#### 1.4.2 Interoperability Network Code Update

PH recapped on the aim of Code and the current timeline/next steps envisaged through to implementation. The guiding principles were still under development.

Attention was drawn to the key areas on which focus was being placed to achieve greater harmonisation. The scope of the application could have a significant effect on the UK regime. PH listed the areas under consideration and gave a brief explanation of the context of each. Gas quality continued to be an issue in terms of commercial rules. Depending on Phase 1 results, an appropriate recommendation for harmonisation will be produced.

Data exchange may be covered in a separate code, but common formats, etc will be expected. The GB regime (private network) is currently different to the EASEE gas presumption (public network). Lastly, referring to capacity calculations, there were obligations on TSOs to develop a clearer methodology – EU parties believe that the GB pattern may be the preferred method.

The Framework Guideline (FG) would be issued for consultation, closing out in mid-February 2012. Code drafting will commence in the summer of 2012. There was likely to be a maximum implementation period of 3 years.

### 1.4.3 Gas Regional Investment Plan (GRIP) – NW Region

PH outlined the objective and the structure/contents of the GRIP, drawing attention to the associated Transmission Projects and National Grid's perspective. The next steps were clarified, with consolidated feedback on the consultation expected to be presented in Quarter 1 2012.

### 1.4.4 European Gas Balancing Code Development Project

An update will be provided at the January Workgroup meeting.

### 1.4.5 European Updates Timetable

The programme of updates to be given to the Transmission Workgroup over the next few months is detailed below:

| Topic  | Workgroup Date   |
|--|------------------|
| <ul style="list-style-type: none"> <li>• EU Gas Balancing Update</li> <li>• CAM Update</li> <li>• Interoperability – differences between the initial Framework Guidelines and the version issued for consultation</li> </ul> | 05 January 2012  |
| <ul style="list-style-type: none"> <li>• CAM and CMP Update</li> </ul>   | 02 February 2012 |
| <ul style="list-style-type: none"> <li>• Interoperability – National Grid NTS response to FG consultation</li> <li>• Gas Regional Investment Plan (GRIP) Consultation Feedback</li> </ul>                                    | 01 March 2012    |

### 1.4.6 Workgroup Feedback on EU Updates

TD sought feedback on the EU updates provided to date by National Grid NTS.

Workgroup members responded variously that they had found them to be good, positive, comprehensive, and useful.

It was suggested that these updates might also be useful to a wider audience. PH confirmed that National Grid NTS had held bespoke workshops and RH reported that seminars had been held every 6 months, which gave a higher more strategic view than was given in this forum.

AP suggested putting a link on the Gas section of the National Grid website would be useful, rather than parties having to access it through the Electricity side.

Concerns were expressed that individual rather than consensus views were being relayed to the EU, and that this might be a significant omission.

JCx pointed out that there was a distinction between ‘communication and awareness’ and ‘engagement and involvement’, and suggested there was an opportunity to create a specific forum to discuss and reach a position on the wider UK perspective on EU matters, ie a round table stakeholder view, rather than a purely National Grid perspective. AP emphasised that individuals had to make an effort to get involved. LH acknowledged JCx’s point about round table discussions, and confirmed that Ofgem feeds back to Europe on a national regulator’s point of view, which was not necessarily representative of the wider UK industry’s views. An avenue for other stakeholders’ views was required.

Referring to the area of balancing, AC reported that Interconnector was giving feedback to ENTSOG and working meetings were scheduled, for detailed involvement and engagement, in quick succession in the near future; Shippers were expected to attend/interact with these and give feedback.

TD concluded that it might be hard to know who might claim to talk for GB and arrange such discussions – perhaps the Gas Forum? However, GJ believed that would be only partially representative.

JCx suggested that it might be worth considering setting up a different UNC Workgroup to provide an opportunity to feed in distinct views earlier in the EU development processes. TD commented that the holding of specifically oriented EU meetings had been previously suggested but thought to be unnecessary. However, it might now be appropriate to consider the formation of such a group to assess changes that might be coming along. The UNC Modification Panel can formally establish new Workgroups if required. Alternatively there is the longstanding option that all interested parties may dial in to the Transmission Workgroup meeting to hear and participate solely in the EU Developments update if they so desire. JCx remained of the view that there would be greater benefit in convening a specific group to feed into discussions before EU consultations progressed.

## **2. Workgroups**

The following individual Workgroup meetings took place:

### **2.1 0338V – Remove the UNC requirement for a ‘gas trader’ User to hold a Gas Shipper Licence**

Minutes for this meeting are at [www.gasgovernance.co.uk/0338/011211](http://www.gasgovernance.co.uk/0338/011211).

### **2.2 0373 – Governance of NTS connection processes**

Minutes for the Workgroup 0373 meeting are at [www.gasgovernance.co.uk/0373/011211](http://www.gasgovernance.co.uk/0373/011211).

## **3. Issues**

### **3.1 Communications - Force Majeure and Emergency**

Further consideration deferred until March 2012.

### **3.2 Review of System Alerts - Update**

#### ***Firm Monitor***

MA recapped on National Grid NTS’ obligations in respect of the provision of Firm monitor information, the reasons for the proposed changes, and the options that had been considered.

Following discussions at previous meetings it was proposed to remove the requirement (in the UNC) to publish a Firm monitor (the safety monitor requirement will remain). The intention was to have the change in place for winter 2012/13, and an appropriate modification will be raised for the January 2012 Panel meeting.

### **GBA Developments**

MA defined a GBA and reiterated the specific issues identified for review.

#### *Ability to signal Within Day*

Noting that Within Day issues were likely to become more prominent over the next 5-10 years, a number of graphs were provided for illustration, and it was concluded that National Grid NTS were in the best position to manage Within Day issues and inform the industry of actions taken to resolve these.

#### *GBA Trigger Methodology*

MA recapped on the Day Ahead GBA Trigger Level, and outlined the different options and their advantages/disadvantages in relation to the methodology.

Discussing options for renaming, JCx believed a 'notification' was more appropriate if the incident was not severe or serious, and this might then ramp up to a 'warning' or an 'alert' depending on the severity of events. Producing supporting information on the reasons for the identified problem would also be helpful to the industry to aid its understanding and assessment of the degree/timing of any response that might be required. MA indicated that this might involve National Grid having discretion on all timescales.

JCx reiterated that compliance with EU legislation in this area was paramount. It would be useful if National Grid were able to provide its interpretation of any incident and provide additional information to elucidate the rationale and understanding of why National Grid was taking particular actions. MA responded that this information would be taken to the Operational Forum to provide more details, including reasons. JCx suggested that more information should be issued closer to the time of the incident, eg at D+1, and that consideration should be given to where information would be published/communicated, perhaps in different places, eg 'quick' information on the GBA section of the website, and the methodology etc elsewhere.

#### *Additional Information Provision*

MA outlined various items.

JCx expressed concern regarding any 'automatic lapsing' or conversely 'persistence' of initial information, and believed there should be an option to withdraw or upgrade the information. RH responded that it would be switched off at the end of the Day Ahead phase, and if the incident still existed a Within Day communication would then be issued to maintain continuity of communication.

TD observed that any communication would need to reach an audience that might not usually be looking at these on a regular basis, and must also give the market adequate time to respond appropriately.

### **Next Steps**

In respect of Day Ahead GBA, it was proposed to rename this to a 'notification'; align the UNC with the calculation methodology undertaken by National Grid NTS during the GBA; provide National Grid NTS with the ability to recall a GBA

notice; and address the appropriate publication of additional supporting information.

In respect of Within Day GBA, a new trigger methodology would be proposed, together with ability for National Grid NTS to recall a GBA notice.

The intention was to have the proposed changes in place for winter 2012/13, and an appropriate modification will be raised for the January 2012 Panel meeting.

### **3.3 Exit Capacity Release: User Commitment and Enduring Annual NTS Exit (Flat) Capacity Reductions**

AF gave a presentation detailing the background, illustrating the issue, and reiterating the principles of User Commitment. Three options had been considered to address the issue; each in turn was outlined and discussed.

Option 1 was being pursued through Modifications 0356/0356A. JCx commented that supporting data was still awaited for consultation purposes, and that she would not be able to formulate a full response to the modifications if this continued to be unavailable. AF noted this and would pursue the provision of the supporting data.

There were no comments on Option 2.

Under Option 3 the timing of the publication of Indicative and Actuals were briefly discussed. Concerns were raised regarding timings and how it all hung together in terms of the rules, not necessarily the logic, and the transparency of the information available from various processes to support Shippers' decision making. JCx commented that, at present, there is an August notification for October charges and questioned if there would be a new modification to change this to May?

AF then presented a table summarising the risks and benefits of each option, and concluded that it was proposed to progress the changes put forward under Modifications 0356/0356A; if either were implemented, the issue could be revisited after the 2012 reduction application window when further experience had been gained.

The Workgroup then agreed that this issue should be closed.

### **3.4 New Issues**

None raised.

## **4. Any Other Business**

### **4.1 Modification Proposals 0395 and 0398 – Limitation on Retrospective Invoicing and Invoice Correction**

RH gave a presentation clarifying the differences between the two modifications and the current rules. The effect on Measurement Error SC006 Aberdeen was illustrated, together with the impact of the proposed retrospective invoicing limit on Transmission activities.

National Grid NTS' role in reducing 'unaccounted for gas' (UAG) was clarified; the costs involved in carrying this out were quantified and the contribution made to reduce the percentage of UAG.

TD confirmed that Modification 0398 was on the agenda for an additional Panel meeting (09 December 2011).

#### **4.2 Exit Reform - Potential New Modification**

MA reported that National Grid NTS will raise a new modification for the January 2012 Panel meeting. This will be seeking to update the UNC to reflect changes to the Safety Case that were being implemented as part of Exit Reform - UNC Section Q will need to be realigned.

#### **4.3 Exit Substitution – Ofgem Letter**

RT asked if National Grid NTS would be publishing information on the outcome of the recent Exit Capacity window and, in particular, any proposed Exit Capacity substitution - would the letter to Ofgem regarding Exit Substitution be made public? AF agreed to investigate and report back.

**Action TR1201: National Grid NTS (AF) to establish what information will be published and when regarding any proposed Exit Capacity Substitution**

DI offered to check whether Ofgem has 28 days or 2 months to consider Exit Substitution proposals following receipt of National Grid's proposals.

**Action TR1202: Ofgem (DI) to establish the timetable for Ofgem to respond to any proposed Exit Capacity Substitution**

#### **4.4 Removing the restriction on the User's application quantity for Annual NTS Exit (Flat) Capacity**

AF gave a presentation briefly outlining the background to the issue, whereby the statement at UNC TPD Section B, Annex B-1, 3.1(f)(ii) did not reflect the intent of Modification 0290. It was therefore proposed to remove this provision at Annex B-1, 3.1(f)(ii) from the UNC, and a modification will be raised to address this, with the objective of having a permanent resolution in place prior to the July 2012 Annual Application Window.

#### **4.5 Transfer and Trade Methodology**

AF advised that the Transfer and Trade Methodology was to be reviewed after Christmas, and requested that any issues identified be referred to him (andrew.fox@uk.ngrid.com) by mid-January 2012.

### **5. Diary Planning**

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

The next Transmission Workgroup meetings are scheduled as follows:

10:00 05 January 2012, at ELEXON, 350 Euston Road, London NW1 3AW

10:00 first Thursday of each month, at ELEXON, 350 Euston Road, London NW1 3AW, except (in light of the Olympic Games):

10:00 02 August 2012, at National Grid, 31 Homer Road, Solihull B91 3LT

**Action Log – UNC Transmission Workgroup: 01 December 2011**

| <b>Action Ref</b> | <b>Meeting Date(s)</b> | <b>Minute Ref</b> | <b>Action</b>   | <b>Owner</b>           | <b>Status Update</b> |
|-------------------|------------------------|-------------------|---|------------------------|----------------------|
| TR I005           | 11/10/11               | 3.1               | Issues Workgroup – Review of GBAs: National Grid NTS to devise an alternative method for Within Day.    | National Grid NTS (MA) | <b>Closed</b>        |
| TR 1201           | 01/12/11               | 3.3               | Establish what information will be published and when regarding any proposed Exit Capacity Substitution | National Grid NTS (AF) |                      |
| TR 1202           | 01/12/11               | 3.3               | Establish the timetable for Ofgem to respond to any proposed Exit Capacity Substitution                 | Ofgem (DI)             |                      |