

Transmission Workgroup Minutes

Thursday 05 September 2013

Energy Networks Association, 52 Horseferry Road, London SW1P 2AF

Attendees

Tim Davis (Chair)	(TD)	Joint Office
Mike Berrisford (Secretary)	(MB)	Joint Office
Alena Aliakseyeva	(AA)	Ofgem
Bethan Winter*	(BW)	Wales & West Utilities
Charles Ruffell	(CR)	RWE npower
Chris Hill	(CH)	Cornwall Energy
Chris Shanley	(CS)	National Grid NTS
Chris Wright	(CW)	Centrica
Graham Jack	(GJ)	Centrica
James Thomson	(JT)	Ofgem
Julie Cox*	(JCx)	Energy UK
Mathew Hatch	(MH)	National Grid NTS
Michael Jenner	(MJ)	Ofgem
Mike Wassell	(MW)	National Grid NTS
Nahed Cherfa	(NC)	Statoil
Nick Wye	(NW)	Waters Wye Associates
Rhys Ashman	(RA)	National Grid NTS
Richard Fairholme	(RF)	E.ON UK
Richard Lea	(RL)	Gazprom
Roddy Monroe	(RM)	Centrica Storage
Sarah Lloyd	(SL)	National Grid NTS

* via teleconference

Copies of all papers are available at: www.gasgovernance.co.uk/tx/050913

1. Introduction and Status Review

TD welcomed all to the meeting.

1.1 Review of minutes and actions from the previous meeting (05 August 2013)

1.1.1 Minutes

The minutes of the previous meeting were accepted.

1.1.2 Actions

TR0401: EU Developments - Bacton Split: Ofgem to provide a view.

Update: MJ provided an overview of the 'Managing entry capacity at Bacton under the UNC and CAM' presentation. MJ advised that the matter would also be discussed at the forthcoming Ofgem/DECC Stakeholder meeting on 06 September.

It was suggested that whilst there is currently plenty of unsold capacity at Bacton, several key issues would need to be resolved before the presently preferred (split capacity) option could be implemented, such as the impact of the product unbundling rules (i.e. under CMP if capacity is purchased as a bundled product it can not then be split); what constitutes the theoretical maximum capacity; whether splitting the auctions would impact available capacity (it was suggested that National Grid should be able to manage such an approach). MH also advised that it might be necessary to undertake a Licence change to amend baseline capacities in support of implementation.

It was noted that there is a need to avoid creating artificial constraints if splitting Bacton into two IPs is pursued. It was also suggested that consideration of the overrun regime impacts, along

with potential transfer and trade, substitution and tariff review work impacts, would be needed. One suggestion put forward was to adopting an aggregation based solution to build in flexibility.

It was noted that Moffat would also need to be considered, whilst care would be needed to avoid any unnecessary strain being placed on capacity in the future – the aim being to seek an optimised rather than sub-optimised market approach. It was also suggested that consideration of any potential Code ‘ripples’ would be needed whilst any proposed changes to the licence and/or implementation of a supporting UNC modification would need to align with the introduction of the CAM proposals.

MJ advised that Ofgem, along with NRAs and TSOs, would be meeting on 25 September to consider the matter further and requested that should anyone have any additional ideas or suggestions, please let him know. MJ advised that formal consultation on the way forward would be undertaken in due course, although this may be some months away and may be a DECC rather than Ofgem consultation.

In closing, those present indicated that whilst recognising that there are many issues to resolve (the devil being in the detail), they are broadly supportive of the proposed ‘lead’ option of splitting Bacton capacity. **Closed**

1.2 Review of Live Modifications not covered elsewhere on the agenda

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

0435 – CW advised that he is awaiting the outcome of the Ofgem consultation before considering next steps.

0449 – Panel recommended implementation; with Ofgem for a decision.

0452 – Next meeting is scheduled for 09 September at Consort House, Solihull.

0461 – CS advised the modification had been updated following the last meeting. The next meeting is scheduled for 13 September at ENA.

1.3 Ofgem Update

JT provided a general industry update:

- Decision in relation to RIIO-GD1: Regulatory Instructions and Guidance – Version 1.0. This is a decision on the Regulatory Instructions and Guidance (RIGs) which Ofgem will use to collect data from the GDNs in order to monitor their performance against price control objectives. The letter includes a summary of responses to the RIGs consultation and what action we have taken to resolve any issues identified by respondents. A copy of the decision letter can be found at the following location of the Ofgem website: <https://www.ofgem.gov.uk/publications-and-updates/decision-relation-riio-gd1-regulatory-instructions-and-guidance-%E2%80%93-version-1.0>
- Letter to licensees regarding Network Innovation Allowance (NIA) – registration process and the level of information provided when registering projects. This letter provides an explanation of the requirements for the registration process set out in the NIA governance document. This was published in light of a review of registration information received for participation in the NIA process. A copy of the letter can be found at the following location on the Ofgem website: <https://www.ofgem.gov.uk/publications-and-updates/letter-licensees-regarding-network-innovation-allowance-nia-%E2%80%93-registration-process-and-level-information-provided-when-registering-projects>
- Gas Transmission Charging Review – Call for Evidence. Responses to the Call for Evidence should be submitted by the end of Monday 16 September. A copy of the Call for Evidence letter can be found at the following location on the Ofgem website: <https://www.ofgem.gov.uk/publications-and-updates/gas-transmission-charging-review-%E2%80%93-call-evidence>

European Issues Update Table

Workstream	Status
Capacity Allocation	Member States approved the CAM Framework Guideline (FG) on 15 April 2013. Discussions about implementing the FG are now underway. The FG must be implemented by 1 November 2015.
Tariffs	A consultation on the cost allocation section of the FG is taking place between 17 July 2013 and 17 September 2013. This is in response to concerns the Commission expressed about this chapter. ACER will host a workshop in September to discuss the text changes with the aim of sending the final FG to the Commission by 30 November 2013.
Congestion Management	Ofgem is holding discussions with IUK and BBL about making changes to their access rules to comply with the CMP guidelines. Changes will also be required at Moffat, where the GB and Irish/Northern Irish systems connect. Draft CMP business rules for GasLink to reflect CMP have been submitted to Ofgem for comment. We are also currently holding implementation discussions with the relevant National Regulatory Authorities (NRAs).
Gas Balancing	ENTSOG have re-submitted the Gas Balancing Code which the Dutch NRA is leading on implementing. The Commission held a pre-comitology meeting with Member States in late May and a comitology meeting in September. The Commission have made a few small changes to the text submitted by ENTSOG as a result of legal review and the comitology meeting. A meeting to complete discussions and adopt the code will take place at the start of October. The latest version of the Code text has been circulated to the GB stakeholder group.
Interoperability	ACER's Board of Regulators (BoR) approved the draft Network Code on 12 June 2013. ENTSOG must submit final Network Code to ACER by 11 September. There are still a few outstanding issues to be resolved including questions about Article 26 which covers dispute resolution. A date has still to be set for comitology.
Incremental Capacity	<p>The Blueprint was published on 23 May 2012. Some stakeholders requested a workshop and case studies to explain the different allocation procedures. A Q&A will take place on 7 August 2013 with a session on incremental capacity. There are plans for an ACER event on 3 September 2013.</p> <p>It is likely amendments to the CAM and Tariffs NCs will be required. ACER will identify what needs to be amended before involving ENTSOG in the drafting process.</p>

	ACER aims to have an amendment framework ready by 30 November 2013, after which ENTSOG will draft the amendment. ACER plan to review in autumn 2014 and hold the first auction integrating incremental capacity in March 2017.
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1.4 European Developments

National Grid NTS (MH and CS) provided an update on the following areas:

1.4.1 EU Congestion Management Procedures (CMP) Update

The August Modification Panel recommended implementation of UNC Modification 0449 (Introduction of Interconnection Points and new processes and transparency requirements to facilitate compliance with the EU Congestion Management Procedures). The intended start date is 01 October 2013. The Authority's decision is awaited.

1.4.2 Prism Stakeholder Letter Update

A PRISM Stakeholder letter has been issued seeking views and it is expected that the matter will be discussed in more detail at the Ofgem/DECC Stakeholder meeting on 06 September, whilst consultation closes 20 September 2013.

1.4.3 ACER Tariff Meeting Update

At the recent meeting attended by D Hawkin, National Grid, debate included consideration of the incremental elements of tariffs and potential CAM impacts. ASOG also provided their views at the meeting.

1.4.4 EU Interoperability and Data Exchange Network Code

Interoperability Code

This is progressing through ENTSOG's internal governance procedures and ENTSOG will deliver the draft Code to ACER by the September deadline. ACER then has a 3 month period in which to review the Code.

Allocations Regime at IPs

At the last meeting views from Shippers regarding the OBAs at IPs were encouraged. Limited feedback so far received has been supportive of the proposed reform to GB arrangements at IPs. Any further feedback would be very welcome and should be provided to:
philip.hobbins@nationalgrid.com

Code Status Update

No major changes since previous months presentation.

1.4.5 European Updates Timetable

A Gas Codes timeline was provided for information, together with a Table indicating the current status of each Code and its fixed/estimated implementation date.

Inclusion of the potential Bacton split in the timetable, and the need to identify dependencies and critical milestones, was discussed. CS indicated that other developments would be impacted by the Bacton decision, and the timing of this could be described as the sooner the better.

EU Updates Programme

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

Topic	Workgroup Date
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• Balancing update	03 October 2013
• Impact Assessment of Interoperability Code	07 November 2013

MJ agreed Ofgem would look provide a EU Tariff Update at the October meeting.

Action TR0901: Ofgem (MJ) to provide a EU Tariff Update at the October meeting.

2. Workgroups

The following Workgroup meeting took place:

2.1 0454 – Introduction of a Long Term Non Firm Capacity Product

Minutes for this meeting are available at: www.gasgovernance.co.uk/0454/050913

3. Issues

3.1 Gas Security of Supply Significant Code Review (SCR) Proposals: Credit Implications for the GB Gas Market

TD reported that Xoserve planned to provide an update at next month's meeting.

3.2 New Issues

None.

4. Any Other Business

Modification 0452

MW indicated that the 09 September Workgroup meeting would review the changes made to the modification since the last meeting, and cover revenue driver approach, alternative security provisions, PARCA window aspects, ad-hoc QSEC considerations and a revised timeline.

5. Diary Planning

The following Transmission Workgroup meetings are scheduled for 2013:

Date	Time	Location
Thursday 03 October 2013	10:30	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
Thursday 07 November 2013	10:30	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
Thursday 05 December 2013	10:30	Energy UK, Charles House, 5 - 11 Regent Street, London SW1Y 4LR

Action Table – UNC Transmission Workgroup: 05 September 2013

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
TR0401	04/04/13	1.4.4	<i>EU Developments - Bacton Split:</i> Ofgem to provide a view.	Ofgem (CC)	Update provided. Closed
TR0901	05/09/13	1.4.5	Provide an EU Tariff Update at the October meeting.	Ofgem (MJ)	Update to be provided.