

NTS Charging Methodology Forum (NTSCMF) Minutes

Monday 21 July 2014

Via teleconference

Attendees

Les Jenkins (Chair)	(LJ)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Colin Williams	(CW)	National Grid NTS
Debra Hawkin	(DH)	Consultant
Dimuthu Wijetunga	(DW)	RWE npower
Graham Jack	(GJ)	Centrica
Jeff Chandler	(JCh)	SSE
John Costa	(JCo)	EDF Energy
Julie Cox	(JCx)	Energy UK
Laura Butterfield	(LB)	National Grid NTS
Marie Clark	(MC)	ScottishPower
Nick Wye	(NW)	Waters Wye Associates
Nigel Sisman	(NS)	sisman energy consultancy
Richard Fairholme	(RF)	E.ON
Roddy Monroe	(RM)	Centrica Storage

Copies of all papers are available at: www.gasgovernance.co.uk/ntscmf/210714

1. Introduction

LJ welcomed participants to the meeting, and explained the purpose was to provide an overview of the additional analysis included in the recent GSOG report prepared by Waters Wye Associates.

The minutes from the previous meeting (23 June 2014) were accepted. Consideration of the outstanding actions was deferred until the next meeting.

Actions outstanding

NTS0508: *GSOG Report* - Review the report; commence review of merit order; consider further analysis required and present assumptions and approach to the next meeting for discussion/agreement, and identify any other appropriate options for consideration.

Update: Deferred to the next meeting. **Carried forward**

NTS0601: *RRPs* - Explain and provide an indication of where performance might be assumed to be.

Update: Deferred to the next meeting. **Carried forward**

2. A study into the benefits which storage facilities may provide to the UK gas transmission system

Merit order

The links to the report had been published on the Joint Office website. NW explained that most of the key information contained within the report had been covered in the May meeting. Participants were encouraged to read the report as this provided more detail relating to the background and the impacts of changing the merit order.

The existing merit order required reconsideration and National Grid NTS would be reviewing the analysis presented in the report and providing a view on what further analysis, if any, might be usefully performed.

The benefits which storage brings to the transmission network and an examination of the transmission charges applied to storage users

NW referred to the presentation made at the May meeting and gave a brief summary of the key information included in the report, drawing attention to page 21, *Section 3.4 Alternative Supply Scenarios*. Reference was then made to page 23 of the report (Scenarios) and NW outlined what additional scenarios had been included since the last report had been concluded. The analysis was explained in more detail and how this was used to establish benefits (e.g. Table 10 and Table 12).

NW indicated that in the report readers would also find the impacts on NTS Exit Capacity Charges for Storage and all DN points, i.e. page 25 onwards – Tables and some graphical representations of the effects. Referring to Figure 4, NW gave a explanation overview of the results, noting that the relatively 'straight line' was apparent across all the charts.

Responding to questions NW clarified information relating to the results in Figure 4 and Table 16.

Everything else in the report had been covered at the May meeting.

NS asked how the approach related to the potential for additional investment in infrastructure that might have to be made if Storage was not there.

NW explained that the Transportation model had been used and what could be tested had been considered, given that there was limited access to information (National Grid NTS would naturally have wider and more detailed access to information relating to its operation of the system). It was acknowledged there would be certain limitations to this approach, but what had been ascertained was deemed sufficient grounds to open up industry discussion and review and consider the benefits and how these might be more accurately quantified and assessed. It may be that alternative approaches could be put forward.

CW agreed that this had provided a good start and that National Grid NTS is undertaking some internal work to better understand what the benefits might be.

Responding to a question from JCo regarding Transportation charges, NW explained in more detail about changing the base merit order and the ten scenarios run, switching off Storage on a peak day and where gas might then be sourced from/to, applying an expansion factor, and coming up with the CAPEX cost to National Grid NTS. It had all been based on the existing model, except the merit order had been changed and sometimes the 'floor' price.

Next Steps

LJ summarised the position.

CW would be providing more detail on National Grid NTS' thinking regarding the merit order, and would return to the September meeting with a critique of the report and any questions/concerns that may have arisen.

NW indicated that feedback from parties regarding the benefits would be welcomed, as would any alternative ways of assessing this and how it might be taken forward. It was noted that the outcome of the EU Tariff Code was still awaited.

3. Any Other Business

None raised.

4. Diary Planning

NTSCMF meetings will take place as follows:

Date	Venue	Programme
10:30 Monday 15 September 2014	31 Homer Road, Solihull B91 3LT	<i>To be confirmed</i>

Action Log – NTS Charging Methodology Forum (23 June 2014)

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
NTS 0508	19/05/14 amended 23/06/14	5.0 2.2	<i>GSOG Report</i> - Review the report; commence review of merit order; consider further analysis required and present assumptions and approach to the next meeting for discussion/agreement, and identify any other appropriate options for consideration.	National Grid NTS (CW)	Carried forward
NTS 0601	23/0614	2.2	<i>RRPs</i> - Explain and provide an indication of where performance might be assumed to be.	National Grid NTS (CW)	Carried forward