

UNC European Workgroup Minutes

Thursday 04 September 2014

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

Attendees

Les Jenkins (Chair)	(LJ)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Andrew Pearce	(AP)	BP Gas
Anna Shrigley	(AS)	ENI
Antony Miller	(AMi)	Centrica Storage
Charles Ruffell	(CR)	RWEst
Chris Shanley	(CS)	National Grid NTS
Colin Hamilton	(CH)	National Grid NTS
David Reilly	(DRe)	Ofgem
Francisco Goncalves	(FG)	Gazprom
Gerry Hoggan	(GH)	ScottishPower
Graham Jack	(GJ)	Centrica
Jeff Chandler	(JC)	SSE
John McNamara	(JM)	National Grid NTS
Julien Quainon*	(JQ)	GDF Suez
Julie Cox	(JCx)	Energy UK
Kevin Brown	(KB)	Petronas
Kirsten Elliott-Smith	(KES)	Cornwall Energy
Lucy Manning	(LM)	Interconnector UK
Marshall Hall	(MH)	Oil & Gas UK
Natasha Ranatunga	(NR)	EDF Energy
Nick Wye	(NW)	Waters Wye Associates
Nigel Sisman	(NS)	SEC
Phil Hobbins	(PH)	National Grid NTS
Phil Lucas	(PL)	National Grid NTS
Richard Fairholme*	(RF)	E.ON UK
Ritchard Hewitt	(RH)	National Grid NTS
Steve Nunnington	(SN)	Xoserve

*via teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/european/040914>

1. Introduction and Status Review

LJ welcomed all to the meeting.

1.1 Minutes

The minutes of the previous meeting were approved.

2. Workgroups

2.1 0510 – Reform of Gas Allocation Regime at GB Interconnection Points

Minutes for this Workgroup are available at: www.gasgovernance.co.uk/0510/040914

3. General Update

An update was provided on the status and timelines of each of the EU Codes. Other than a slipped Comitology meeting date for the Interoperability and Data Exchange Code (from end October to 03/04 November) there were no major changes from the previous month.

There was no change to the Road Map.

4. EU Code Updates

4.1 Tariff Code (TAR NC) and Incremental Capacity Amendment

EU Tariff Code Update

CH gave a brief update. The Consultation Response Report plus all non-confidential comments received is to be published in September. This will form the basis for identifying any proposed changes. Possible areas for revision will be presented at a Stakeholder refinement workshop on 24 September 2014.

Emerging Issues

CH gave an additional presentation on the issues of importance that had arisen, the topics of concern to EU Associations, and an overview of the main issues under discussion by ENTSOG - Harmonisation of the Tariff Setting Year, One-off Capacity Reset, and Fixed versus Floating Tariffs. CH outlined each one in turn and brought the Workgroup up-to-date with responses, identified issues, and current thinking.

Harmonisation of the Tariff Setting Year - Harmonisation was unlikely. This issue was more about the publication of tariffs and when parties would have sight of. A number of options were under consideration; no real impact on GB.

One-off Capacity Reset - Contracts and 'shared competence' were briefly discussed. There was no plan at present to include a re-set option in the Code.

Fixed versus Floating Tariffs - Options appeared to be a fixed price plus indexation or a fixed price plus a premium. CH explained current ENTSOG thinking, and the payable price was illustrated.

CH recapped that the main issues for GB were the Single Regulatory Account - which could have an impact on GB TO/SO model and reconciliation process; the Cost Allocation Test and the development of a meaningful test for GB; and Short-haul, with questions on how this could be accommodated in the EU Tariff Code.

NR observed that this Code appears to be diverging a long way from the original position in the Framework Guideline (FG), and asked if a re-consultation might happen. CH explained the process, observing that there were no plans for a separate consultation at present. Stakeholders could lobby ACER (November is the sign off time); there were concerns that Stakeholders would not be in support. CH believed that 01 October 2017 was looking 'ambitious' because of the length of time being taken to progress. It was a very contentious area.

EU Incremental Capacity Amendment Update

The Consultation Response Report plus all non-confidential comments received is to be published in September. Possible areas for revision will be presented at a Stakeholder refinement workshop on 23 September 2014.

For further information on these areas please contact Colin Hamilton on 07971 760360 or colin.j.hamilton@nationalgrid.com.

4.2 Interoperability and Data Exchange Code Update

PH gave an update.

Common Units

PH reiterated that GB would be required to use 0/25 reference conditions for: Capacity bookings and obligations at IPs, Nominations at IPs, information publication under the Transparency rules, and for gas quality data publication at IPs (if applicable to GB). PH then recapped on the proposals put forward at the July Workgroup meeting and the two alternatives suggested by the Workgroup.

The two alternatives had been considered, and PH reviewed the practicalities and implications of both. For the reasons outlined National Grid NTS would not be pursuing either of these options.

Referring to the second alternative, NW disagreed with National Grid NTS' view that this was non-compliant, indicating that it would be compliant rounding it up to a limit of two decimal points. This was discussed. Any physical discrepancy would get dealt with through the OBA. It was suggested that PH reconsider this option and the number of decimal places to which conversion can be made, and also seek a legal view on whether it would be compliant (or if it would create difficulties for National Grid NTS) and report to the next meeting.

Action EU0901: *Interoperability and Data Exchange Code/Common Units* - Provide a legal view on whether Alternative 2 would be compliant and report to the next meeting.

Moving the discussion on, PH then indicated that a further option was under consideration, ie conversion of IP capacities and nominations instead of allocations. PH explained this in more detail, concluding that it delivers compliance and provides for consistent treatment of energy and capacity figures. It required further assessment to see if there was any implications for Gemini and National Grid NTS would also like views from Shippers. This was reviewed and briefly discussed, with concerns initially focussing on differing values for identical quantities and potential subsequent confusion. GJ and others indicated that it would require review by Shippers' Operations personnel.

It was confirmed that all of the CEN standards use 15/15, whilst noting that CEN is only 'advisory' at present.

Responding to a question from NR, PH confirmed there were no provisions for manifest errors; it was queried how any might be addressed?

It was recognised that both Shippers and National Grid NTS required a fuller assessment, before any preference might be determined.

Action EU0902: *Interoperability and Data Exchange Code/Common Units* - Shippers to consult within their organisations and provide views on preferences prior to the next meeting.

PH added that Comitology was expected to provide certainty on reference conditions in late October 2014, and if 0/25 is confirmed then the intention will be to submit a UNC Modification to either the November or December 2014 Panel meeting.

CS confirmed that National Grid NTS will work with the Regulator to establish compliance with each EU Code, and the TSO and Regulator will prepare information to demonstrate how this has been implemented.

5. UNC Modification Plans

Phase 2 UNC Modifications – potential timescales

No major change.

PH advised that he had taken legal opinion on Data Exchange and that a modification would not be required; it would possibly mean a change to the UK Link Manual.

PH reminded the Workgroup that the EU Interoperability Code is expected to require TSOs to make available at least one internet-based solution for Shippers to send nominations to National Grid NTS and receive confirmed quantities from National Grid NTS for the IPs. The options provided in the EU Code are:

- Document-based data exchange (AS4 communication protocol, Edigas XML data format)
- Integrated data exchange (web services technology, communication protocol: HTTPS/S-SOAP, Edigas XML data format)
- Interactive data exchange (web browser technology, communication protocol HTTP/S)

PH requested feedback from Shippers as to whether they would be interested in using such internet based solutions for the nominations process or whether they would wish to continue to use Gemini 'as-is'.

Action EU0903: *EU Interoperability Code - Internet based solutions - Shippers to confirm whether they would be interested in using internet based solutions for the nominations process or whether they would wish to continue to use Gemini 'as-is'.* Shipper views to be sent to: philip.hobbins@nationalgrid.com.

6. EU Implementation Programme – System Developments Update

No update provided this month. For further information please contact Chris Gumbley on 01926 65407. Email address: Box.GasOps.BusinessC@nationalgrid.com.

7. Draft EU Modifications

None provided for review.

8. Any Other Business

8.1 REMIT Workshop - 24 October 2014

PH drew attention to the planned workshop and the potential items for discussion. Any queries should be directed to Mike Jenner: Michael.Jenner@nationalgrid.com.

8.2 Planned UK Link Downtime and the New Nominations Process at IPs

PL outlined the difficulties imposed on Planned UK Link Downtime by the implementation of various modifications and illustrated the ramifications for IP Renominations, and the requirements of the EU Balancing and Interoperability Codes to deliver increased system availability. The interpretation of 'minimum' was the question.

National Grid NTS put forward 3 options (together with an estimate of one-off costs) for consideration. A comparison of their advantages/disadvantages was presented in a table and discussed.

Option 2a - It was questioned whether a non-routine outage would be for a fixed period. PL responded that further details would be communicated and JM indicated that the preference would be for such an outage to happen 'out of hours'. Responding to questions on costs, National Grid NTS had an allowance to implement the EU Codes, and much would depend on whether the change could be argued to be necessary to comply with the Codes.

All cost were confirmed to be 'one-off' costs.

System impacts were outlined, with JM giving a view of what might be required to deliver increased system availability under each option. Contingencies for outage planning in the UK Link Manual were discussed and how 'minimum' might be construed. The percentage availability was not that much different to what the system is currently operates. Anything required for April 2016 needs to be addressed now.

AS believed that the 'within-day' outage would be of most concern; CS observed that traffic at that time (in the last hour) did not seem to be a lot, but National Grid NTS would like views from Shippers, to see whether any costs might outweigh any benefits to be gained in changing.

CS pointed out that adjacent TSOs and physical flows will be of more importance than at present. LM asked would behaviour be expected to change as a result of being able to use single sided or double-sided nominations? AS indicated that between 03:00 and 04:00 it would be expected to be very quiet.

PH reiterated that the Workgroup's views were sought on the preferred options and National Grid NTS would explore further with the Regulator. AS suggested that National Grid NTS should also give consideration to alignment with the closing times of the OCM and other markets. LJ suggested that how downtimes interface with other TSOs' practices and the OCM and other markets required more detail. NR suggested taking a 'wait and see' position as there was no need to change at present; response could then be made if necessary to any 'new' behaviours as EU changes progress. AS believed that deadline alignments with other market closures at least should be aligned.

Action EU0904: *Planned UK Link Downtime and the New Nominations Process at IPs - National Grid NTS to review alignment with the closing times of other TSOs, the OCM and other markets and provide more details at the next meeting.*

Action EU0905: *Planned UK Link Downtime and the New Nominations Process at IPs - Shippers to review the options discussed and provide views ahead of the next meeting.*

LJ suggested that National Grid NTS should be consulting more widely on this; CS confirmed he would table this at other forums.

8.3 PRISMA Workshops on 23 and 24 September 2014 (Brussels)

Referring to an email sent out on 29 August 2014, CH drew attention to the planned workshops at the PRISMA offices in Rue Froissart 95-99, 1040 Brussels. Interest should be registered at info@prisma-capacity.eu, by 15 September 2014.

8.4 Gas Day Changes

MH referred to the recently submitted applications to amend the EU Network Codes (CAM or Balancing) and reported that an acknowledgement had been received. Informal contact had also been made with the DG Energy.

It was noted that the majority of Terminal Operators do not believe that 01 October 2015 is achievable. It was possible that new arrangements might be considered at domestic entry points so that the small residual balancing risk that would exist could be managed in the best place. MH will keep the Workgroup informed of progress.

9. Diary Planning

In order to ease pressure on the primary European Workgroup meeting and to more efficiently address the business related to individual Workgroups, additional European Workgroups Days have been arranged. Please see below for further details.

UNC European Workgroup meetings scheduled for 2014

Please note the start time of **10:00** for ALL meetings, unless otherwise indicated.

Time / Date	Venue	Programme
10:00 Tuesday 16 September 2014	31 Homer Road, Solihull B91 3LT	Workgroups: 0500 and 0501
10:30 Tuesday 23 September 2014	31 Homer Road, Solihull B91 3LT	Workgroup 0493
10:00 Monday 29 September 2014	31 Homer Road, Solihull B91 3LT	Workgroups: 0500 and 0501
10:00 Wednesday 01 October 2014	31 Homer Road, Solihull B91 3LT	Workgroup 0510
Thursday 02 October 2014	ENA, 6th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF	European Workgroup
Wednesday 08 October 2014	ENA, 6th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF	Workgroups: 0500 and 0501
Tuesday 21 October 2014	ENA, 6th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF	Workgroups: 0500 and 0501
Wednesday 05 November 2014	ENA, 6th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF	Workgroups: 0500 and 0501
Thursday 06 November 2014	ENA, 6th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF	European Workgroup
Thursday 04 December 2014	ENA, 6th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF	European Workgroup

Action Table - 04 September 2014

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
EU0901	04/09/14	4.2	<i>Interoperability and Data Exchange Code/Common Units - Provide a legal view on whether Alternative 2 would be compliant and report to the next meeting.</i>	National Grid NTS (PH)	Pending
EU0902	04/09/14	4.2	<i>Interoperability and Data Exchange Code/Common Units - Shippers to consult within their organisations and provide views on preferences prior to the next meeting.</i>	Shippers	Pending
EU0903	04/09/14	5.	<i>EU Interoperability Code - Internet based solutions -</i>	Shippers	Pending

Action Table - 04 September 2014

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
			Shippers to confirm whether they would be interested in using internet based solutions for the nominations process or whether they would wish to continue to use Gemini 'as-is'. Shipper views to be sent to philip.hobbins@nationalgrid.com .		
EU0904	04/09/14	8.2	<i>Planned UK Link Downtime and the New Nominations Process at IPs</i> - National Grid NTS to review alignment with the closing times of other TSOs, the OCM and other markets and provide more details at the next meeting.	National Grid NTS (PH)	Pending
EU0905	04/09/14	8.2	<i>Planned UK Link Downtime and the New Nominations Process at IPs</i> - Shippers to review the options discussed and provide views ahead of the next meeting.	Shippers	Pending