

UNC European Workgroup Minutes

Thursday 04 December 2014

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

Attendees

Les Jenkins (Chair)	(LJ)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Anna Shrigley	(AS)	Eni
Antony Miller	(AM)	Centrica Storage
Bogdan Kowalewicz	(BK)	Ofgem
Carol Spinks	(CS)	National Grid NTS
Charles Ruffell	(CR)	RWEst
Colin Hamilton	(CH)	National Grid NTS
David Reilly	(DR)	Ofgem
Debbie Brace	(DB)	National Grid NTS
Debra Hawkin*	(DH)	TPA Consultants
Fergus Healy	(FH)	National Grid NTS
Francisco Gonçaves*	(FC)	Gazprom
Gerry Hoggan	(GH)	ScottishPower
Graham Jack	(GJ)	Centrica
Jeff Chandler	(JC)	SSE
Julie Cox	(JCx)	Energy UK
Kirsten Elliott-Smith	(KES)	Cornwall Energy
Lucy Manning	(LM)	Interconnector UK
Natasha Ranatunga	(NR)	EDF Energy
Nick Wye	(NW)	Waters Wye Associates
Nigel Sisman	(NS)	sisman energy consultancy Ltd
Phil Hobbins	(PH)	National Grid NTS
Richard Fairholme	(RF)	E.ON
Ricky Hill	(RH)	Centrica
Roddy Monroe	(RM)	Centrica Storage
Steve Nunnington	(SN)	Xoserve

*via teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/european/041214>

1. Introduction and Status Review

LJ welcomed all to the meeting.

1.1 Minutes

The minutes of the previous meeting were approved.

1.2 Review of Actions

EU1101: *Cost Allocation Methodology/Test* - Provide an update on discussions to the EU Workgroup.

Update: CH reported that progress was being made; various scenarios had been looked at and one that looks to be within the 10% was being validated. Results would be shared at next month's Workgroup. **Closed**

EU1102: Systems Development - User Trials and PRISMA - Confirm deadline for Shipper feedback and confirm timescales and potential alignment of User Trials with PRISMA training.

Update: LJ reported that KH had confirmed that the deadline for Shipper feedback was 19 December 2014; confirmation of the timescales and potential alignment of User Trials with PRISMA training would be provided at the January Workgroup. **Closed**

2. Workgroups

None.

3. General Update

An update was provided on the status and timelines of each of the EU Codes. It was noted that the Interoperability Code had been approved.

Timeline: Four Codes were now through Comitology.

Road Map: Ancillary Agreements had been added, and a distinction made for the Phase 3 release.

4. EU Code Updates

4.1 Tariff Code (TAR NC)

CH gave a presentation, outlining the timeline for the continuing process/next steps and the potential opportunities (no certainty as yet) where Stakeholders might be able to continue to feed into the process. Further details would be shared when known.

Giving an overview of the Stakeholder Support process and the main views expressed in respect of each of the Chapters, CH reported that the draft text had not been well supported by the market, with many concerns still outstanding.

Chapter 2 - There was a general unease with the whole section.

Chapter 3 - Responding to a question from NS, CH confirmed there had not been a lot of feedback on the cost allocation test itself.

Chapter 4 - There appeared to be a strong push that the reference prices should be binding - this was still a 'live' discussion.

Chapter 6 - There was a general unease with the revenue reconciliation.

Chapter 7 - The main concern appeared to be with different regimes operating either side of the flange and how this might work in practice.

Chapter 10 - Opinion was really divided in this area, with concerns regarding discrimination.

Concluding the update, CH noted that it was expected that the text should be signed off today, and he would explain some of the arguments and what was being done to defend to them, at the next Workgroup meeting.

4.2 Incremental Capacity Amendment

CH gave a brief overview of the Stakeholder Support process and the main issues raised.

Concluding the update, CH confirmed that it was expected that the next version of the text would be available by 17/18 December 2014, including deviations from the Framework Guideline (and views why deviated); he did not think it would include anything major.

4.3 EU Interoperability and Data Exchange Code: Post - Comitology Impact Assessment

The Code had been approved and PH outlined the main provisions of the Code, the impacts identified and potential activities required, and the proposed approach to achieve

compliance. Ofgem's views would be sought where appropriate.

Chapter 3 - Units

Article 13 (Common Set of Units) - UNC Modification 0519 had been raised but the change to reference conditions would not be deliverable for 01 October 2015. Agreement was being sought with Adjacent TSOs to continue with current reference conditions until a move to the new ones can be accommodated for the compliance date of 01 May 2016.

Chapter 4 - Gas Quality and Odourisation

Article 15 (Managing Cross-Border Gas Quality Restrictions) - PH confirmed that there was no intention to introduce blending arrangements at Bacton.

Article 17 (Information provision on short term gas quality variation) - GJ asked if, when this was introduced at IPs, would it also be introduced at other entry points. PH responded that information could be taken from anywhere to help formulate a more accurate view, and gave some background to the issue. JCx and JC asked if work could be brought forward (as UNC Modification 0498/0502 is reporting in May 2015).

Interoperability Delivery Plan

PH sought views on the raising of additional modifications to deliver the requirements relating to Ancillary Agreements. GJ thought that contingent modifications should try to be avoided. Potentially UNC Modification 0510 could be expanded to cover some of the requirements.

LJ suggested a pre modification consultation to ascertain views; PH was not sure the timescales would accommodate this but noted the suggestion for consideration. Following a brief discussion, the Workgroup agreed it was happy for PH to decide on the best approach to adopt to achieve whatever was necessary.

5. UNC Modification Plans

Phase 2 UNC Modification Timescales

These were displayed and briefly reviewed.

6. EU Implementation Programme – System Developments Update

No update provided.

7. Draft EU Modifications

7.1 Review of Interconnector Ancillary Agreements

CS outlined the current contractual regime at IPs, noting that changes to most provisions will be required as a result of the EU Codes, in particular removing the agency arrangements at IPs. There were two potential options to address this - either to retain the Ancillary Agreements (AAs) and amend or remove the provisions no longer applicable, or to terminate them and reposition the appropriate terms into the UNC or Interconnection Agreements as necessary.

The advantages/disadvantages of both options were briefly reviewed. National Grid NTS favoured option 2 (removal of AAs and incorporate terms into UNC) as being the most appropriate approach.

GJ agreed that it sounded pragmatic to reduce the number of contracts. Ancillary Agreements will be completely dissolved at IPs. De-designation/terminations would be discussed with Ofgem. Provisions/location would be developed under a UNC Modification; some provisions might go into the EID, with cross-reference to TPD Sections I and J where

necessary. National Grid NTS will assess the changes required to each AA and consider where obligations can be removed or relocated into the UNC.

8. Any Other Business

8.1 Gemini Housekeeping Window

PH reported that National Grid NTS had produced a Consultation document on the compatibility of current planned Gemini downtime with UNC changes proposed in respect of the Nominations and Re-nominations processes at Interconnection Points, to ensure GB's compliance with the new European Network Codes. This issue was discussed at the September European Workgroup and agreement in principle was reached on an approach which does not change current Gemini downtimes, however, as not all affected stakeholders were involved in these meetings, the Consultation commencement has been communicated to the industry (via the Joint Office) in order to gauge the views of all parties likely to be impacted by this issue.

An analysis of the four options was displayed together with the questions to be included in the consultation; the consultation process and timescales were confirmed. PH requested that if parties were time constrained the critical question to which to provide a response would be Question 5, 'Which Option would you prefer to be implemented?'

The Consultation document can be found at: <http://www.gasgovernance.co.uk/NTSPublications>

Comments should be sent to phil.lucas@nationalgrid.com by 24 December 2014. Any questions should be directed to Phil Lucas or Chris Shanley at chris.shanley@nationalgrid.com.

8.2 Capacity Modifications Update (UNC Modifications 0501, 0501A, 0501B and 0501C)

FH reminded that the consultation on UNC Modification 0500 closes out on 19 December 2014.

Reporting that a further alternative to UNC Modification 0501 had been raised and sent to Workgroup 0501 for development, FH briefly outlined the key points of UNC Modification 0501C and drew attention to the next meeting date (11 December 2014; see www.gasgovernance.co.uk/0501/111214, for further details). Xoserve had been asked to look at various areas to assist development of UNC Modification 0501C and will provide a high level estimate on timescales and costs.

The potential timeline for the Bacton reallocation process (as affected by UNC Modifications 0501, 0501A and 0501B) was illustrated. The timeframe associated with UNC Modification 0501C would be established once further details were known.

8.3 Future Topics

A table was displayed, listing the topics (REMIT, Bridge to 2025, Interoperability and Data Exchange, Tariffs and Incremental) that the Workgroup will consider next month.

LJ reminded that 30 December 2014 was the deadline for agenda items/meeting papers for the next European Workgroup.

8.4 EU Gas Codes Workshop - 23 January 2015

PH drew attention to the event being organised by National Grid from 10:30 – 15:00 on Friday 23 January 2015 at National Grid House, Warwick Technology Park, Gallows Hill, Warwick CV34 6DA.

Intention to attend can be registered via email to europeanpolicy@nationalgrid.com by Friday 12 December 2014. Any questions regarding the event should be directed to Adam Bates on 01926 654338.

8.5 Website presentation of European Modifications

Referring to the current approach of website presentation, LJ asked the Workgroup for its view on whether European modifications should continue to be held/displayed collectively on the separately designated page under www.gasgovernance.co.uk/eurodevts, or should be reverted to be included in the main numerical sequence on the Live Modifications page.

The Workgroup confirmed its preference was to continue with the practice of keeping European modifications together and displaying them on the separately designated page under www.gasgovernance.co.uk/eurodevts.

9. Diary Planning

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

Workgroup meetings will take place as follows:

Date	Location
10:00 Thursday 08 January 2015	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
10:00 Thursday 05 February 2015	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF

Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
EU1101	06/11/14	4.1	<i>Cost Allocation Methodology/Test</i> - Provide an update on discussions to the EU Workgroup.	National Grid NTS (CH)	Closed
EU1102	06/11/14	6.	<i>Systems Development - User Trials and PRISMA</i> - Confirm deadline for Shipper feedback and confirm timescales and potential alignment of User Trials with PRISMA training.	National Grid NTS (KH)	Closed