

## Transmission Workgroup Minutes

Thursday 07 May 2015

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

### Attendees

Les Jenkins (Chair)	(LJ)	Joint Office
Lorna Dupont	(LD)	Joint Office
Amrik Bal	(AB)	Shell
Andrew Pearce	(AP)	BP
Anna Shrigley	(AS)	Eni
Antony Miller	(AM)	Centrica Storage
Charles Ruffell	(CR)	RWEST
David Reilly	(DR)	Ofgem
Debra Hawkin*	(DH)	TPA Solutions
Fergus Healy	(FH)	National Grid NTS
Francisco Gonçalves	(FG)	Gazprom
Gerry Hoggan	(GH)	ScottishPower
Graham Jack	(GJ)	Centrica
Jeff Chandler	(JCh)	SSE
John Costa	(JCo)	EDF Energy
Julie Cox	(JCx)	Energy UK
Kirsten Elliott-Smith	(KES)	Cornwall Energy
Marie Maurice*	(MM)	Engie/GDF Suez
Marshall Hall	(MH)	Oil & Gas UK
Nick Wye	(NW)	Waters Wye Associates
Phil Hobbins	(PH)	National Grid NTS
Ric Lea*	(RL)	Deloitte
Roddy Monroe	(RM)	Centrica Storage
Sayf Al-Hadi	(SA)	Centrica
Steve Nunnington	(SN)	Xoserve
Terry Burke	(TB)	Statoil

*\*via teleconference*

*Copies of papers are available at: <http://www.gasgovernance.co.uk/tx/070515>*

### 1. Introduction and Status Review

LJ welcomed all to the meeting.

#### 1.1 Approval of Minutes from the previous meeting (02 April 2015)

The minutes of the previous meeting were approved.

#### 1.2 Ofgem Update

In this month's update, DR drew attention to the items relating to:

- Ofgem's decision on changes to National Grid Gas plc's Licence to terminate Permit Arrangements and adjust the revenue earned for the period 01 April 2013 – 31 March 2015; and
- Ofgem's statutory consultation on proposed licence modifications to ensure GB compliance with the EU legislative definition of "gas day".

LJ drew the meeting's attention to the UNC Modification Panel's obligation to review the position in relation to Modifications that had been passed to Ofgem for decision, noting that Ofgem will be asked by the May Panel to provide an update on the position relating to Modifications 0500 and 0521.

### 1.3 Pre Modification Discussions

None.

## 2. European Codes

PH confirmed that the Interoperability Code had now passed into EU law.

There had been no changes to the Code Status Update information or the Road Map since the last meeting.

The timescales and progress of outstanding Modifications was briefly reviewed. The Final Modification Reports for Modifications 0510 and 0519 were to be considered by May UNC Modification Panel. Modification 0525 was still in development; its next meeting was 27 May 2015 and the Workgroup was asked to note the change in venue location (from Solihull to Elexon, London).

The variations relating to Modification 0501V and its alternates had been determined by Panel to be immaterial and these modifications had been returned to Ofgem for decision; Ofgem will issue an Impact Assessment letter shortly.

### 2.1 EU Codes update (TAR and INC)

#### *EU Tariffs Code (TAR)*

CH gave a presentation updating the Workgroup on the current position. An amended timeline was displayed. The Commission did not believe a de-scoped TAR NC would provide them with a code they would be happy to implement and Comitology had therefore been deferred to December 2015; further work is being done to reach acceptable compromises on a number of issues. The Code is meant to be ready for ACER at the end of June. CH will be attending a meeting in May and will learn what areas are being worked on.

The table comparing ACER Reasoned Opinion issues as against current proposed changes in the draft TAR was reviewed, and CH gave a short commentary. Fixed versus floating was likely to be developed, and there may be a reworking of the definitions of Transmission Dedicated Services, together with a few other areas.

It was observed that the outcome of the "Study on the impact assessment for rules on harmonised transmission tariff structures for gas and allocation of new gas transmission capacity" might have an impact when it reaches Comitology. The emergent options were illustrated, and CH gave a brief outline of the preliminary findings of the draft Impact Assessment. The outcome might change as progress is made. The Workgroup were concerned to know which parties had been consulted/engaged with to produce this evidence, and CH agreed to enquire.

#### **Action TR0501: *TAR Code PwC/Strategy & Impact Assessment - Identify which Stakeholder parties had been engaged with to provide the evidence/preliminary findings in the draft Report.***

CH outlined the next steps in the process. Stakeholders will see what goes to ACER and the explanatory document, i.e. what has changed and why. When available CH will send a change-marked version to the Joint Office.

Concerns were expressed at the 'mixed messages' that seemed to be communicated from the EU. CH gave some high level background detail, pointing to apparent tensions. JCx

believed there should be a process in place allowing review of the Framework Guidelines (FGs), and suggested there should be an ACER consultation that recognised deviations from the FGs. Observing that TAR remained contentious, CH noted there were many different models and approaches across the EU which made it a fairly difficult area. CH will report on the areas being reviewed, and believed an amendment process would happen fairly quickly. It should be borne in mind that 'consultation' is a new concept for many EU parties. Asked how amendments would affect UNC, CH and PH indicated that these would feed through the usual UNC modification process - EU Amendments might become a standard agenda item.

### ***EU Incremental Amendment Update (INC)***

This had also been delayed as it was linked to the TAR progression timeline. The key issue for TSOs remained the recovery of investment costs.

## **2.2 EU Gas Quality Harmonisation Update**

PH briefly reiterated the background, observing that following consultation the CEN working group had been unable to agree on a harmonised Wobbe Index (WI) range.

Tables illustrating a comparison of the Gas Quality Specifications across CEN Standard, GS(M)R Value, and Gas Ten Year Statement Value were displayed, and PH gave a brief commentary. It was harder for Hydrogen content to be agreed as a recognised standard and this had been put to one side for future consideration.

The CEN rationale in relation to oxygen was not fully understood, but was possibly driven by small scale biometric injection. Asked what this meant for GB, PH observed it was very 'open' - it is not clear who has the obligation. JCx commented that other issues might arise, as corrosion is of key concern with oxygen.

With regard to implementation of the CEN Standard, the expectation was that an amendment to the Interoperability Code would be proposed, but what the amendment might be was as yet unknown. PH outlined a few possibilities. The possibility of whether it might apply at Interconnection Points only or across the entirety of networks was discussed and what the potential impacts might be. PH observed there were Articles that were applicable beyond exit points and gave some examples. He also noted the overall tone of the Interoperability Code did not exclude this. The Interoperability Code must not breach the subsidiarity principle.

The expected next steps in the process were outlined. It would be published as an EN standard by the end of the year, and be adopted by BSI as a British Standard in early 2016. PH encouraged any parties that might be affected by the CEN standard to conduct their own impact assessments in the meantime.

Given the lack of information regarding any amendments, the ability of parties to do this was questioned - the 'binding' aspects being of particular concern especially if relating to Interconnection Points. JCx asked if there was any way/route to engage with the relevant party who had responsibility for the amendments in order to present views in advance so that these could be taken into account. PH indicated he was encouraging ENTSOG to ask these questions and was using the routes available. The Commission will propose the amendments, but the details need to be known first.

It was reiterated that parties would have great difficulty in carrying out IAs in isolation because of the number of different gas fields that could be affected. PH observed that gas entry specifications for each entry point were set out in the Network Entry Agreements (NEAs). Access to this might depend on which party enters into the NEA. It was suggested that sub-terminal operators might need to discuss with affected parties and might be better placed to carry out an IA, because it would be very difficult for individual suppliers to do this.

It was suggested a properly informed GB position was required, and that parties might contact DECC (Gas Quality contact: Matthew Bacon) to discuss.

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LJ suggested that parties should also look at the impacts on supply contracts downstream.

### **2.3 Matters Arising**

None.

## **3. Workgroups**

No business to consider.

## **4. Issues**

None raised.

## **5. Any Other Business**

### **5.1 Funding, Governance and Ownership (FGO) of Xoserve - Update**

FH reported that S McGoldrick (National Grid NTS) would give a 15 minute presentation at the June Transmission Workgroup meeting.

### **5.2 Interconnection Agreements (IAs)**

PH advised that the consultations on the IAs were likely to be issued by July and would be preceded by Shipper/TSO engagement meetings, potentially in the first two weeks of June. There would be separate sessions, involving the Irish TSO (likely to be in Dublin), IUK, and BBL, to address the individual arrangements. Dates were under discussion and would be notified when confirmed; suggestions for items to cover at these sessions would be welcomed.

### **5.3 EU System Changes - Communications**

AS requested a single easily accessible document/repository for all EU system changes. SN will confirm and report back.

**Action TR0502: *EU system changes* - SN to confirm the repository/s for EU system change documentation.**

### **5.4 UK Link Replacement Programme (Project Nexus) - Update**

LJ gave an update on the position in respect of the Nexus delivery programme. In order to achieve planned progress a good deal of parallel running had been employed, however significant risks had been encapsulated in the plan. To preserve delivery of the core elements, Xoserve had proposed a 6 month deferral of Retrospective Adjustments (RAs) – Modification 0434, to deploy resources to support the Market trials phase. PwC, in its role as Project Assurance Manager, had reviewed industry parties' plans and reported significant concerns about the delivery of an effective Market Trials phase and the Project Nexus Steering Group (PNSG) had concluded this was too big a risk to take forward on the current timeline. The unanimous view of PNSG is to maintain the systems delivery date of 01 October 2015, and then to conduct an optimal Market Trials phase.

Xoserve has been asked to confirm the earliest dates on which it can deliver; RAs could be a phased entry into Market Trials; PwC will look at what an optimal Market Trials phase looks like. The options will be discussed at the PNSG meeting on 01 June 2015 and a recommendation will be made. A modification may then be raised (or an existing one amended) to reflect any new programme dates. Ofgem was supportive of these

developments because a number of stakeholders will not be ready. For more detail, LJ directed attention to the minutes of the Project Nexus Steering Group (PNSG) available at: [www.gasgovernance.co.uk/NexusSG/010515](http://www.gasgovernance.co.uk/NexusSG/010515).

In light of PNSG discussions the UNC Modification Panel had offered the view to Ofgem that recently raised (Urgent) Modifications 0536 and 0537 should not follow urgent procedures; a decision on this was awaited from Ofgem.

## 5.5 Communications via the Joint Office (JO) Distribution Lists

LJ advised that in response to requests to reconsider the number of communications sent out by email via the Joint Office Distribution Lists, he had asked the Transporters to send/route any communications that were not specifically UNC related via the ENA, rather than issue everything through the JO. The circulation list provided to the ENA will be updated quarterly. JCx expressed a preference for everything to be routed via the JO, to which LJ replied that he had received much feedback indicating that important UNC matters were being 'lost' by parties amongst the other emails issued on behalf of Transporters. The change was an attempt to focus JO communications on UNC in order to help parties, however this would be kept under review.

## 6. Outstanding Actions

**TR0401:** National Grid NTS (JM) to confirm whether or not PRISMA functionality would be included in the August 2015 User Trials exercise.

**Update:** PH confirmed that PRISMA functionality would not be included in the August 2015 User Trials exercise, which would just be looking at Gemini. Shippers were advised to contact PRISMA direct for support. **Closed**

**TR0402:** National Grid NTS (JM) to explain what/how contingency arrangements might work, relating to the new Gas Day.

**Update:** PH confirmed the necessity for having contingency arrangements in place was recognised and that details would be presented at the June Transmission Workgroup meeting. **Carried forward**

**TR0403:** National Grid NTS (JM) to confirm whether or not a further 'Open Day' is planned by the National Grid NTS EU Business and Systems Delivery Team.

**Update:** National Grid NTS was planning an event, but to be more focused on operational aspects (User trials, and this was under development); details to be communicated at a later date. **Closed**

**TR0404:** Energy UK (JCx) to provide a list of areas of concern relating to SMPS rejection (visibility related) issues to Ofgem.

**Update:** JCx reported that work was continuing and that she was in discussion with Ofgem and National Grid NTS. **Carried forward**

**TR0405:** Ofgem (DR), National Grid NTS (FH) and Energy UK (JC) to liaise and seek to resolve issues and concerns relating to visibility of SMPS rejection communications, and an apparent lack of visibility of information.

**Update:** Covered under Action TR0404, above.

Responding to a question from LJ, DR confirmed that Ofgem never made a decision (for publication) because National Grid NTS withdrew the proposed statement. It was recognised that this was sub-optimal for parties wishing to follow progress. FH intended to look at the Methodology Statement and as a starting point would be clarifying what the current processes were. JCx observed that a regularly updated publication list, with everything in one place, would be welcomed. **Closed**

**TR0406:** National Grid NTS (FH) to request that S McGoldrick provides a brief FGO presentation (15 minutes maximum), at a future Transmission Workgroup meeting in May/June time.

**Update:** FH suggested that this could include some background and scope but focus on what it means for Shippers. Some present had little awareness of FGO and FH accepted that this would be taken into account when preparing the presentation. **Carried forward**

## 7. Diary Planning

Agenda items (and any associated papers) for the June meeting should be submitted to the Joint Office by 26 May 2015.

Time/Date	Location
10:00, Thursday 04 June 2015	ENA, 6 <sup>th</sup> Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
10:00, Thursday 02 July 2015	ENA, 6 <sup>th</sup> Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
10:00, Thursday 06 August 2015	ENA, 6 <sup>th</sup> Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
10:00, Thursday 03 September 2015	ENA, 6 <sup>th</sup> Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
10:00, Thursday 01 October 2015	ENA, 6 <sup>th</sup> Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
10:00, Thursday 05 November 2015	ENA, 6 <sup>th</sup> Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
10:00, Thursday 03 December 2015	ENA, 6 <sup>th</sup> Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF

### Action Table (07 May 2015)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
TR0401	02/04/15	2.2	To confirm whether or not PRISMA functionality would be included in the August 2015 User Trials exercise.	National Grid NTS (JM)	<b>Closed</b>

**Action Table (07 May 2015)**

<b>Action Ref</b>	<b>Meeting Date</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner</b>	<b>Status Update</b>
<b>TR0402</b>	02/04/15	2.2	To explain what/how contingency arrangements might work, relating to the new Gas Day.	National Grid NTS (JM)	<b>Carried forward to June meeting</b>
<b>TR0403</b>	02/04/15	2.2	To confirm whether or not a further 'Open Day' is planned by the National Grid NTS EU Business and Systems Delivery Team.	National Grid NTS (JM)	<b>Closed</b>
<b>TR0404</b>	02/04/15	5.2	To provide a list of areas of concern relating to SMPS rejection (visibility related) issues to Ofgem.	Energy UK (JCx)	<b>Carried forward</b>
<b>TR0405</b>	02/04/15	5.2	To liaise and seek to resolve issues and concerns relating to visibility of SMPS rejection communications, and an apparent lack of visibility of information.	Ofgem (DR), National Grid NTS (FH) and Energy UK (JCx)	<b>Closed</b>
<b>TR0406</b>	02/04/15	5.3	To request that S McGoldrick provides a brief FGO presentation (15 minutes maximum), at a future Transmission Workgroup meeting in May/June time.	National Grid NTS (FH)	<b>Carried forward to June meeting</b>
<b>TR0501</b>	07/05/15	2.1	<i>TAR Code PwC/Strategy &amp; Impact Assessment</i> - Identify which Stakeholder parties had been engaged with to provide the evidence/preliminary findings in the draft Report.	National Grid NTS (CH)	<b>Pending</b>
<b>TR0502</b>	07/05/15	5.3	<i>EU system changes</i> - SN to confirm the repository/s for EU system change documentation.	Xoserve (SN)	<b>Pending</b>