

Transmission Workgroup Minutes
Thursday 02 March 2017
Elexon, 350 Euston Road, London NW1 3AW

Attendees

Rebecca Hailes (Chair)	(RH)	Joint Office
Mike Berrisford (Secretary)	(MB)	Joint Office
Amrik Bal	(AB)	Shell
Andrew Pearce	(AP)	BP Gas
Anna Shrigley	(AS)	Eni UK
Aisling Jenson-Humphreys	(AJH)	ConocoPhillips
Charles Ruffell	(CR)	RWE
Chris Shanley	(CS)	Joint Office
Colin Hamilton	(CH)	National Grid NTS
Danielle Stoves	(DS)	Interconnector UK
David Cox*	(DC)	London Energy Consulting
David Reilly	(DR)	Ofgem
Graham Jack	(GJ)	Centrica
Jeff Chandler	(JCh)	SSE
Jen Randall*	(JR)	National Grid NTS
John Costa	(JCo)	EDF Energy
Lee Harrison*	(LH)	Xoserve
Lucy Manning*	(LM)	Gazprom
Matthew Hatch	(MH)	National Grid NTS
Nick Wye*	(NW)	Waters Wye Associates
Phil Hobbins*	(PH)	National Grid NTS
Rhys Ashman*	(RA)	National Grid NTS
Richard Fairholme	(RF)	Uniper
Sean Hayward	(SH)	Ofgem
Steve Britton*	(SB)	Cornwall
Steve Pownall*	(SP)	Xoserve
Terry Burke	(TB)	Statoil

*via teleconference

Copies of papers are available at: <http://www.gasgovernance.co.uk/tx/020317>

1. Introduction and Status Review

CS introduced RH as the new Chair and subsequently RH welcomed all to the meeting and confirmed the order of the agenda.

1.1 Approval of Minutes (02 February 2017)

The minutes of the previous meeting were approved.

1.2 Ofgem Update

Referring to the information paper provided, SH gave a brief update on decisions made in February and quickly focused attention on the 03 February 2017 deadline for this years Gas Network Innovation Competition Initial Screening Process.

SH explained that Ofgem had rejected the Interconnector (UK)'s Charging Methodology and Access Rules on 07 February 2017 because of the presence of some non CAM compliant aspects.

Concluding, SH advised that his colleague David Reilly would be presenting the Ofgem Open letter on the European Union Network Code on harmonized transmission tariff structures for gas (TAR NC) at Monday's forthcoming NTS Charging Methodology Forum.

1.3 Pre Modification Discussions

1.3.1 EU CAM Capacity Conversion

Giving a short presentation, MH described the additional requirements under CAM Article 21(3) together with an illustration of a potential example.

Focusing attention on slide 4, MH explained the importance behind the underlined text and that one of the main aims is to avoid generation of secondary charges.

MH highlighted that TSOs within ENTSOG have been developing options for providing this capacity conversion service and National Grid NTS have been involved in the development. Of the original three models proposed by ENTSOG, their preference is for a post auction process and thereafter provided a brief explanation around how the process is expected to work.

In reviewing the potential 'Next Steps' aspects, MH indicated that it was 'likely' that the Modification would be self-governance. CS highlighted that following the implementation of the CGR3 Modification self-governance was the default position and proposers had to justify the impacts of the Modification to enable it to go to Ofgem for a direction.

MH indicated that National Grid NTS anticipates bringing a more detailed draft proposal to the April Transmission Workgroup meeting. Development would have to keep pace with the ENTSOG timeline, with approval being sought at an appropriate point in the summer (the service will start on 01 January 2018). A draft indicative timeline for the modification's development was displayed for consideration (*reference slide 9*).

CS noted that as the ENTSOG option development timescales are fixed, there is little or no flexibility around the ultimate modification solution delivery, and as a consequence, we may need to look to plan some (focused) Workgroup meetings. MH pointed out that the timelines might move subject to the complexity of the ultimate solution proposed by ENTSOG.

AB asked whether or not 'Day Ahead' / 'Within Day' aspects would be included in the modification, MH confirmed that this would not be the case as the TSOs have concluded that such an approach would be complex to deliver within the PRISMA and respective TSOs systems. MH also noted that Day Ahead and Within Day were not included in the final approved CAM Regulation and therefore TSOs are not obliged to offer this. However, some Shippers (especially EFET) still believe that inclusion of a 'Within Day' option for auctions in the GB market has merit. MH highlighted that if it was only GB that felt this was a benefit they may incur all the system development costs associated with this, but this was more a EU matter than just GB.

New Action TR0301: Reference the draft EU CAM Capacity Conversion modification - National Grid NTS (MH) to discuss the potential inclusion of 'Day Ahead' / 'Within Day' aspects with ENTSOG and provide a view at the April Workgroup meeting.

When asked how the ENTSOG proposal fits in with the EU proposals from Belgium and France, MH advised that the Belgium proposals were inline with National Grid NTS proposals (post auction adjustment). The French proposal that included a more complex auction based process, was rejected by their regulator. Further details of National Grid NTSs proposal would be included in the draft modification proposal.

2. European Codes

2.1 EU Codes update

CH gave a brief overview of the current position of the EU Codes, including timelines and the implementation dates; all remained on course.

It was noted that the only change to the draft indicative timeline involves the inclusion of a UNC Modification 0611 reference within the TAR Network Code swim lane. MH explained that a draft Capacity conversion timeline would be added to next months diagram.

EU Tariffs Code Update

CH provided an update on the current position, and the timeline being followed, noting that Entry into Force was still expected for 01 April 2017. It was reiterated that the TAR NC will be implemented in phases (to reflect separate application of Code elements): Entry into Force, **From** 1 October 2017, and **Before** 31 May 2019. It was confirmed that an industry workshop has been planned for 29 March 2017 in Brussels (to follow an ENTSOG workshop on the CAM amendment on 28 March 2017), with a potential second workshop in October. ENTSOG is producing an implementation document to support the workshop, and a number of standardised templates. The Task Force was currently agreeing a project timeline for implementation and how the TSOs can send data to the ENTSOG Platform.

When asked how a party could join the proposed ENTSOG workshops planned for March / October 2017, CH advised that ENTSOG would be issuing an invite once the Commission have published CAM and TAR into the European Journal in relation to the March workshops and subsequently a decision to hold the October workshop is finalised. In considering the supporting guidelines document, CH pointed out that this is predominately an ENTSOG and not an ACER view – in short it is a process to aid discussions within Member States (i.e. around what implementation might look like etc.) When asked whether or not a formal legal view has been undertaken, CH advised that the ENTSOG lawyers had (informally) reviewed the guidelines that are presented as an illustration, including supporting narratives where appropriate. CH explained that these are simply a collective (compromised) view of options from the TSOs.

When asked whether or not the TSOs would reserve the right to undertake their own actions and depart from the documents recommendations, CH suggested that whilst this maybe the case, it is probably prudent to wait and see – the matter is progressing through the ENTSOG internal governance process at the moment.

In considering the ‘Tariff Publication’ aspects on slide 19, CH advised that the technical timescales are primarily targeted at the TSOs and assume a January start date.

Moving on, the Workgroup noted that UNC Modification 0611 has been raised to further support GB implementation of CAM UNC Modifications 0597 and 0598S. This modification proposes amendments to the firm capacity payable price at Interconnection Points. (The main TAR NC modifications will be raised as part of the Charging Review (under discussion within NTSCMF))

CH reported that implementation options would be impacted by Ofgem’s Letter (21 February 2017) on TAR NC¹. Attention was then drawn to what aspects of the letter would be applicable for all points:

- ‘floating payable prices’;
- under- and over-recovery of transmission services no longer managed by a commodity charge;
- price of interruptible capacity (to reflect probability of interruption), and

¹ Please refer to: <https://www.ofgem.gov.uk/publications-and-updates/open-letter-european-union-network-code->

- non-zero reserve prices for short-term capacity products.

When asked for an opinion on the Ofgem letter, CH responded by providing background information and explaining that the Ofgem letter goes beyond Tariff Code requirements, whilst continuing to comply with it. When some parties wondered whether the Ofgem letter leaves space for a 'dual regime' (i.e. it does not specifically exclude the option), JC advised that the matter had been discussed the previous day at the Energy UK meeting where it was concluded that this suggests a preference, rather than a confirmed (final) position. RH pointed out that a presentation pack from Ofgem had been published for consideration at next Mondays NTS CMF meeting.

GB Charging Review

CH reported that the requirements from TAR NC remained under review by the NTS Charging Methodology Forum (NTSCMF); the sub-group has produced a series of one-page papers on various topics under discussion.² CH confirmed that there had been no change to the December 2018 target date in order to ensure that the GB market is ready for 2019. In conjunction, the proposed Reference Price Methodology Model will be shared with the industry prior to appropriate UNC modifications being raised in Spring 2017. The review is expected to be completed by December 2018 (to align with the charges published in 2019).

3. Workgroups

3.1 Modification 0605S – Amendments to TPD Section K - Additional Methods to Procure and Dispose of Operating Margins Gas

The minutes of this meeting are available at: <http://www.gasgovernance.co.uk/0605/020317>

Following the granting of an extension the Workgroup's Reporting date, the report is now due to be submitted to the April UNC Modification Panel.

3.2 Modification 0611 –Amendments to the firm capacity payable price at Interconnection Points

The minutes of this meeting are available at: <http://www.gasgovernance.co.uk/0611/020317>

The Workgroup's Report is due to be made to the May UNC Modification Panel.

4. Issues

4.1 ISS066 – Implications of decommissioned Exit/Entry points

This item will remain on the agenda; an update will be provided as/when appropriate.

5. Any Other Business

5.1 Negative Implied Flow Rate (NIFR) - Update

In providing a verbal update, JR confirmed that she had received 8 responses including some supporting cost information and provided an overview of the current position. It is expected that a further update will be provided at the April meeting.

JR explained that following a request for information, and due consideration of the responses received, National Grid NTS has decided to fund the system changes which are now expected to be delivered as part of the August EU Phase 4 Gemini system related changes.

JR went on to advise that National Grid NTS fully expects to discuss interconnection matching rules with their equivalent Irish (GNI) representatives in due course. As part of these discussions, NTS will be hoping to consider the potential Moffat impacts in more detail, with one option being the adoption of a manual workaround. When asked

² Please note: the sub-group papers can be found at: <http://www.gasgovernance.co.uk/ntscmf/subg>

whether or not discussions around matching rule changes is restricted to GNI and National Grid NTS, JR responded by stating that she sees no reason why Shippers should not be involved as well, especially as GNI are seeking an enduring system solution. JR agreed to provide TB with suitable GNI contact details in order that he can discuss matters with GNI direct. MH then provided a brief outline of the joint project being undertaken by Premier Transmission Ltd (PTL) and associated subsidiaries to combine their I.T. systems in Northern Ireland that may affect National Grid NTS system changes around the same time in August. The matching also involves GNI, so discussions with them are also needed. JR confirmed that any changes to the matching rules would involve a transparent consultation process especially as it involves tripartite aspects, and therefore a UNC modification would be needed to facilitate the agreed change(s).

It was noted that in future when a change is sought, the industry will need to identify and provide better, robust justification (i.e. cost and benefits analysis), especially in the new FGO world.

JR explained that she would look to provide a 'lessons learnt for NIFR' update at a future meeting.

When asked, JR requested that this item is retained on the April agenda, unless it is decided to remove it nearer to the meeting date.

5.2 National Grid's Gas Planning and Operating Standards Project

RA provided an overview of the presentation, explaining that the project was being undertaken to deliver further clarification around National Grid NTS' existing Pipeline Security Standard and to further align its planning and operational approaches to ensure suitability for future network operation. Through this National Grid NTS intended to develop a clearer set of rules that can be articulated externally, and under which it can plan and operate the network. They plan to discuss this with industry then publish an updated version of the Transmission Planning Code later in the year.

The high-level network capability assessment process was illustrated, and the current security standard was outlined during which RA highlighted that the Gas Future Operability Planning document was published in November 2016. He went on to add that the main focus for today's presentation is to provide an overview of the key proposals of the Gas Planning and Operating Standards Project.

RA described the work undertaken to date and identified the key proposals (further details of which were provided as an Appendix to the main presentation). It is hoped that this can form the starting point for further industry discussions and more details will be provided at future Workgroup meetings. RA explained that the proposal to link assured pressures and appropriate lower pressures to LDZ demand, will better align to the day to day control room activities.

RA enquired if parties could suggest any additional forums within which he could provide a progress update. During a brief discussion of possible options, it was suggested that it might be more beneficial for RA to consider setting up a dedicated National Grid hosted workshop (possibly at a London venue) in order to stimulate engagement with other parties such as the DNs.

5.3 System Management Principles Statement

In providing a verbal update, PH explained that the annual consultation on system principles had commenced and will run from 27 February 2017 - 27 March 2017.³

³ Parties are encouraged to submit responses to: box.gas.market.devel@nationalgrid.com, and to direct any questions or comments to Debbie Brace on 01926 653233 or deborah.brace@nationalgrid.com.

PH explained that in essence there are two changes proposed within the consultation relating to SMPS Urgent Market messages and additional text associated with the National Grid NTS tools for restricting daily capacity.

5.4 Press Request to Attend Workgroup Meetings

RH/CS explained that J Elliot had once again requested permission to attend Workgroup meetings and after being initially rebuffed by the Joint Office (advised to contact National Grid NTS directly to discuss matters) had asked to attend under Chatham House Rules.

When asked what the actual Workgroup attendance rules are, CS explained that whilst meetings are an 'open' format, the industry has historically been concerned about press participation, as it felt that this would stifle open debate and deliberation.

The consensus of Workgroup participants was that they would prefer it if the press were not allowed to attend Workgroup meetings especially bearing in mind that meeting materials are available on the Joint Office web site and they (the press) can contact National Grid NTS directly if needed.

5.5 Potential Effective Implementation Date for UNC Modification 0598S

In explaining that the current effective implementation date for the modification currently states '05:00 on a date to be confirmed', MH advised that it is now suggested that this could be 01 April 2017. Further information is to be provided in due course when the Commission have introduced the CAM and TAR Regulation into the Official European Journal. This also applies to 0597, once Ofgem have approved the modification proposal.

6. Review of Action(s) Outstanding

TR0101: Modifications and Alternates - Presentation to ACER - CH to clarify how the presentation of industry/Ofgem 'minded' views to ACER would be managed

Update: CH explained that this is a rolled over action from previous Workgroup meetings and that he remains uncertain whether more clarification from ACER would be forthcoming until nearer the consultation time. Supporting this view, DR explained that whilst he could raise the matter with ACER, he also doubts any more meaningful feedback would be available at this time. **Closed**

TR0201: Negative Implied Flow Rate (NIFR) - Request for information - National Grid NTS (JR) to provide a communication for issue to the wider industry.

Update: A post meeting note was made in the previous minutes, confirming that a communication was provided and issued to the wider industry on 03 February 2017 via the Joint Office. **Closed**

7. Diary Planning

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

Agenda items (and any associated papers) for the 06 April 2017 meeting should be submitted to the Joint Office by close of play on 28 March 2017.

Time/Date	Location
10:00, Thursday 06 April 2017	Elexon, 350 Euston Road, London NW1 3AW
10:00, Thursday 04 May 2017	Elexon, 350 Euston Road, London NW1 3AW
10:00, Thursday 01 June 2017	Elexon, 350 Euston Road, London NW1 3AW
10:00, Thursday 06 July 2017	Elexon, 350 Euston Road, London NW1 3AW

10:00, Thursday 03 August 2017	Elexon, 350 Euston Road, London NW1 3AW
10:00, Thursday 07 September 2017	Elexon, 350 Euston Road, London NW1 3AW
10:00, Thursday 05 October 2017	Elexon, 350 Euston Road, London NW1 3AW
10:00, Thursday 02 November 2017	Elexon, 350 Euston Road, London NW1 3AW
10:00, Thursday 07 December 2017	Elexon, 350 Euston Road, London NW1 3AW

Action Table (as at 02 March 2017)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
TR0101	05/01/17	2.1	<i>Modifications and Alternates - Presentation to ACER</i> - CH to clarify how the presentation of industry/Ofgem 'minded' views to ACER would be managed.	National Grid NTS (CH)	Update provided. Closed
TR0201	02/02/17	5.1	<i>Negative Implied Flow Rate (NIFR) - Request for information</i> - National Grid NTS (JR) to provide a communication for issue to the wider industry.	National Grid NTS (JR)	Closed
TR0301	02/03/17	1.3.1	<i>Reference the draft EU CAM Capacity Conversion modification</i> - National Grid NTS (MH) to discuss the potential inclusion of 'Day Ahead' / 'Within Day' aspects with ENTSOG and provide a view at the April Workgroup meeting.	National Grid NTS (MH)	Pending